

The complaint

Mr K complains Bank of Scotland plc, trading as Halifax, didn't recall his payment under the Direct Debit Guarantee, closed his account and has discriminated against him. Mr K is also unhappy Halifax failed to keep its promise to keep his account open a month longer than its initial notice and that he couldn't respond to automated text messages from it.

Mr K has also made broader complaint points about Halifax and its ability to operate as a "fit and proper" firm. To keep matters simple, I'll mainly refer to "Halifax" in my decision.

What happened

The details of this complaint are well known by both parties, so I won't repeat them again here in detail. Instead, I'll focus on setting out some of the key facts and on giving my reasons for my decision.

In January 2024, Mr K asked Halifax to recall his direct debit payment to one of his credit card accounts as he was disputing the amount they were charging him. Mr K was told by one of Halifax's agents that they couldn't do so under the Direct Debit Guarantee as he was in *dispute* with the credit card company.

Unhappy with this, and the service he had received, Mr K complained. In short, Halifax made the following key points:

- It can recall a Direct Debit (DD) the same day it leaves an account. Its sorry Mr K was given the wrong information about this, and feedback has been provided to the telephone banking agent.

However, a recall under the DD guarantee scheme can only be done for specific reasons. Being in dispute with the merchant over the amount taken isn't one of these reasons. Because of this Halifax couldn't help Mr K with his request

- Mr K was incorrectly told he couldn't speak to a manager when requesting to do so. If a customer asks to speak to a manager, Halifax will try on a best endeavour basis to contact one, but this isn't always possible
- Mr K visited a Halifax branch on the same day the DD went out. He complained about the telephone advisor not recalling his DD. The branch manager confirmed Mr K was enquiring about text messages he'd received relating to his arranged overdraft. They advised Mr K it would be best to contact customer services on the phone so they could amend his preferences should he no longer wish to get such messages.

The branch manager said Mr K refused to take this up. Poor service hasn't been provided by the branch

- The text messages Halifax sends are automated and no manual intervention takes place. If Mr K wants to discuss the messages, he can do so by contacting telephone

banking, visit his local branch or use the mobile messaging service on his online banking

- During Halifax's investigation into Mr K's complaint they listened to several calls Mr K had made previously. In December 2023, when responding to a previous complaint Mr K had made, it advised him that its colleagues are not expected to be spoken to in an abusive or threatening manner. And if this continues, Halifax may decide to close Mr K's accounts.

It's clear Mr K's behaviour towards Halifax's employees remains inappropriate. Because of this Halifax has decided to close his account by giving 65 days' notice allowing him to make alternative banking arrangements. The accounts will close on or after 13 April 2024

- Mr K may find it easier to use the current account switching service to help move his regular payments to a new banking provider

Mr K referred his complaint to this service. In March 2024, Halifax sent Mr K another response to a complaint he made about not being able to find information about switching his account, and how its customer service had deteriorated over the years.

The main points Halifax made in response, and which are pertinent to this complaint were:

- Its records show Mr K requested a partial switch to a new bank in February 2024. Such a switch can take up to 28 days and sometimes longer
- As Mr K is in the process of a partial switch, Halifax will defer the closure of his accounts by 30 days more. So they will close on 13 May 2024. If this isn't sufficient, Mr K should contact Halifax on the number provided on its letter

In April 2024, Halifax said it found no evidence it said the account would remain open until May 2024. The accounts were closed in April 2024. Mr K was unhappy Halifax reneged on an undertaking it had previously made and has made submissions that it should give reasons for closing his accounts, and that it is unfit for purpose.

One of our Investigator's looked into Mr K's complaint, and they recommended the complaint be upheld in part. Their key findings were:

- They can understand why Mr K feels he's been discriminated against. But it's not this service's role to determine if Halifax has breached the Equality Act – that can only be decided by a court. But from what they've seen, Halifax has acted fairly
- On balance, it was fair and reasonable for Halifax to close Mr K's accounts in the way it did as it couldn't provide the level of service he sought, and the relationship had broken down. Halifax's terms allow it to close an account where a customer demonstrates abusive or threatening behaviour
- Halifax did agree to extend the closures until May 2024, so they shouldn't have been closed in April 2024. As this caused Mr K unnecessary distress and inconvenience, Halifax should pay Mr K £100 compensation

Halifax agreed with what our Investigator said. Mr K didn't.

I'd like to assure Mr K that I've carefully read everything he has said, even if I don't expressly reiterate all his points here. Some of the key points he's made are:

- The Investigator overlooked the meaning of bias and prejudice which was not directly related to the Equality Act of racial discrimination but to systemic concerted engineered efforts to dislodge his accounts under false premises. This was because of the substandard staff who lacked sufficient product knowledge
- The substandard service Halifax has provided should be interpreted as it not being fit for purpose to hold a banking licence, and its therefore a common public concern and interest for this service to mount a detailed investigation into Halifax
- It was the function of the Investigator to listen to all the call recordings which would show Halifax fabricated the allegation that he was abusive and threatening to its staff
- The offer of £100 compensation is derisory. But if Halifax re-open's the accounts, Mr K may accept the £100 compensation as a bare minimum resolution

As there's no agreement this complaint has been passed to me to decide.

What I've decided – and why

I'm very aware that I've summarised the events, and arguments, in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mr K and Halifax have said before reaching my decision.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I have decided to uphold this complaint in part. I'll explain why.

Direct Debit Guarantee

The DD guarantee says a consumer is entitled to a full and immediate refund of the amount paid from their bank if an *error* is made by the merchant or their banking provider. Halifax has also provided me with its internal guidance which, amongst other things, says DD indemnity claims will be declined where a customer is in dispute with the merchant.

Halifax has provided me with the call recording from January 2024 in which Mr K asked for the DD to be refunded. Mr K says he is in dispute with the credit card company for the payment amount. Mr K is told that as this is in dispute with the merchant an indemnity for the DD can't be raised by it.

At no point did Mr K say his credit card company had made an error. Having given this matter careful consideration, I'm persuaded Halifax acted fairly and reasonably here based on the information it was presented with. And that its internal processes didn't lead to an unfair outcome.

Mr K could always have taken this matter up with his credit card company directly and making a payment to it wasn't an error given he would be contractually obligated to make a payment. So, on balance, I don't think Halifax did anything wrong in declining to raise the DD

indemnity in line with its processes.

Text messages

Halifax has explained that such SMS messages are sent by an automated service. I have seen the content of the message and note it forewarns Mr K that he is using an unarranged overdraft and should make payment to his account to avoid forthcoming payments not being made.

Mr K is also told that he can change his communication preferences should he not want such messages in the future and how this can be done. Given such a message could've prevented Mr K incurring charges and fees, I'm persuaded Halifax hasn't done anything wrong by sending it. And by telling Mr K what he can do to avoid such messages, I'm satisfied Halifax has acted appropriately here.

Account Closure

Halifax is entitled to close an account just as a customer may close an account with it. But before Halifax closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which Halifax and Mr K had to comply with, say that it could close the account by giving him at least 65 days' notice. And in certain circumstances it can close an account immediately or with less notice.

Halifax's terms say it can close an account without telling customer in advance if they are or may be behaving improperly. And this includes being abusive or threatening to its staff. In December 2023, Halifax explained to Mr K that:

"Our expectations during interactions

Having listened to your calls and read the notes added by the branch. I agree with the advisors actions. It has been highlighted that on several occasions when you've spoken with us, the way you've chosen to speak to us isn't appropriate. While we appreciate there are times when customers can be frustrated by something that's happened, we will not tolerate any type of abusive, threatening, or offensive behaviour.

We may not be able to offer the service you want

We'll always try to help and give you reasonable support and I'm sorry you've had a number of concerns with our service recently. As you're clearly not happy with the way we do things, it may be better for you to find another bank that may be able to provide the service you require. Your account will remain open for now. Should you feel you need to raise further complaints we don't agree with or feel we haven't made a mistake, we'll look to close your account on the basis our service no longer suits your needs"

Halifax has provided me with its internal call notes, call recordings, and a statement from the branch manager who he spoke to. I'd like to assure Mr K that I've listened to all the calls I've been provided with, and carefully reviewed Halifax's internal records. Having done so, I'm satisfied that Halifax followed its internal processes by deciding to close his accounts due to abusive behaviour.

I note Mr K feels strongly that this wasn't the case. But from what I've read and listened to, and given he was fairly warned about this, I don't think Halifax have done anything wrong. So I won't be asking it to re-open his accounts.

I note Mr K says Halifax didn't provide a proper explanation for closing his accounts. But Halifax did do so in its final response letter where it explained – as summarised above – that it had taken the decision due to his behaviour remaining inappropriate.

Halifax did agree to give Mr K until May 2024 before closing his account as an extension due to the partial switch. So it has made a mistake in saying it didn't and closing the accounts in April 2024.

Mr K should've been able to switch his regular payments by April 2024 given he initiated the process at the end of February 2024. Mr K also hasn't said he had any issues with this despite the accounts closing sooner than he was told. But given the premature closure would've caused some inconvenience and distress, and in the event some payments weren't switched over in time, I'm satisfied £100 is fair redress for any impact this caused.

Discrimination

Mr K initially told this service he thinks Halifax's actions were discriminatory based on his race – a protected characteristic under the Equality Act. Later he said the Investigator overlooked the meaning of bias and prejudice which was not directly related to the Equality Act of racial discrimination but to systemic concerted engineered efforts to dislodge his accounts under false premises. This was because of the substandard staff who lacked sufficient product knowledge.

I've already said that I don't think Halifax closed Mr K's account unfairly and did so because of continued abusive behaviour. I also add, though it appears Mr K doesn't maintain this part of his earlier complaint point, that it is not my role to decide whether discrimination has taken place as a matter of law – only the courts have the power to decide this.

I have, however, considered the relevant law in relation to what Mr K has said when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010. But after doing so, I've not seen evidence to indicate Mr K was treated unfairly.

Other pertinent points

Mr K has put forward several arguments and sent in information which he says shows Halifax are not fit for purpose and so shouldn't hold a banking licence.

It's important to explain that it's not the role of this service to supervise, regulate or impose fines on any business. It's also not our role to ask a business to alter its procedures or enforce changes to policies. That's the role of the regulator, The Financial Conduct Authority.

My remit here is to decide whether I think Halifax acted fairly and reasonably when applying those policies and procedures in the individual circumstances of Mr K's complaint.

My final decision

For the reasons above, I have decided to uphold this complaint in part. To put things right, Bank of Scotland plc, trading as Halifax, should now pay Mr K £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 15 November 2024.

Ketan Nagla
Ombudsman