

The complaint

Mr B is unhappy that Bank of Scotland plc, trading as Halifax, wouldn't allow him to buy a car from a friend without conducting a HPI check at his own cost.

What happened

Mr B instructed a bank transfer for £1,400 from his account to the account of a friend to buy a car from that friend. But the payment was blocked by Halifax's automated fraud prevention system. And when Mr B called Halifax to verify and authorise the payment, Halifax refused to release the payment unless Mr B conducted a HPI check on the car at his own cost. Mr B wasn't happy about this, especially as it isn't mandatory to conduct a HPI check before buying a car. So, he raised a complaint.

Halifax responded to Mr B but felt that their advisor had been acting with Mr B's best interests in mind and so didn't feel that they'd done anything wrong by refusing to release the payment for the car purchase. Mr B wasn't satisfied with Halifax's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Halifax had acted unfairly in how they'd managed the situation and so didn't uphold the complaint. Mr B remained dissatisfied, so the matter was escalated to an ombudsman for a final decision.

What I've decided – and why

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

I issued a provisional decision on this complaint on 9 September 2024 as follows:

I feel that by refusing to release the payment unless Mr B undertook a HPI check on that car – a check which is not a legal requirement to complete when purchasing a car and which Mr B didn't want to undertake – that Halifax have overstepped the bounds of what is reasonably expected from them here. And because of this, I'll be provisionally upholding this complaint in Mr B's favour and instructing Halifax to pay £200 to him as compensation for the upset and inconvenience he's incurred.

Ultimately, Halifax are expected to carry out the instructions given to them by their account holders, unless there's a good reason for them not to.

In this instance, Mr B had called Halifax when the payment was blocked and had verified his identity with them. Mr B had also explained that he was purchasing the car from a friend and that he had inspected the car himself. And having listened to the call between Halifax's agent and Mr B, while Mr B's explanations to Halifax's agent surrounding the HPI check are initially a little unclear, I feel that it was apparent by the end of the call that Mr B didn't feel that a HPI check was necessary and that he wanted to buy the car, from his friend, without paying for what he felt was an unnecessary check.

This isn't to say that it wasn't reasonable for Halifax's agent to have been concerned about Mr B buying the car without a HPI check. But it is to say that it should be Mr B's choice, and not Halifax's, as to whether he wanted to undertake a HPI check before purchasing the car. And I feel that by refusing to allow Mr P to transfer his money to his friend to buy car unless he conducted a HPI check, that Halifax have overstepped the bounds of their remit and what is reasonably expected of them in this regard.

What I would have expected to have happened here is that Halifax's agent would explain to Mr B why a HPI check was strongly recommended. But when Mr B confirmed that he didn't want to conduct a HPI check, that Halifax's agent would have explained that they will release the payment for Mr B to buy the car, but on the understanding and recording that Mr B accepts all responsibility for any future loss that he may incur which may have been prevented by conducting a HPI check. However, Halifax's agent didn't do this, and instead, they used language such as 'you need to take this check' when that was never the case.

Accordingly, my provisional decision here is that I uphold this complaint in Mr B's favour and instruct Halifax to pay £200 compensation to him. In arriving at this compensation amount I've considered the frustration and trouble that Mr B unfairly incurred because of Halifax's overzealousness here. Additionally, I've also considered the general framework this service uses when assessing compensation amounts, details of which are on this service's website. And having taken these factors into account, I feel that £200 is a fair compensation amount.

Neither Mr B nor Halifax responded to my provisional decision. As such, I see no reason not to issue a final decision here whereby I uphold this complaint in Mr B's favour on the basis explained above. And I therefore confirm that my final decision is that I do uphold this complaint in Mr B's favour on that basis accordingly.

Putting things right

Halifax must pay £200 to Mr B.

My final decision

My final decision is that I uphold this complaint against Bank of Scotland plc, trading as Halifax, on the basis described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 22 October 2024.

Paul Cooper

Ombudsman