

The complaint

Mr S is unhappy Bank of Scotland plc, trading as Halifax, won't cover the costs he incurred when he had to fly back to the UK. He had to collect a new card as his account had been blocked due to fraudulent activity.

What happened

As both parties are familiar with the details of the complaint I will not repeat them here in full. In summary, Mr S's card was blocked whilst he was overseas as Halifax identified two suspicious transactions on his account (prior to processing) that he later confirmed he had not authorised. As his card details had been compromised Halifax explained it would need to issue a new card.

Mr S did not want his card to be cancelled so Halifax said he could still make the online payments he needed to as it could temporarily lift the block. It also told Mr S about ways he could access emergency cash whilst overseas. Halifax went on to unblock Mr S's card twice to allow ATM use and for him to book some transport, but as power then failed he had not booked a hotel or flight. As the bank could not lift the block temporarily for a third time it cancelled his card.

Mr S says Halifax must pay for his flight home as he had to travel back to collect his new card. He was only given ten minutes to get to an ATM before his card was cancelled and was given no code to call VISA free from where he was. He says the issue took too long to resolve and caused him significant distress.

Halifax says it made no error when it applied the block and cancelled the card. It was needed in response to attempted fraudulent activity the account. However, it paid Mr S £100 as it thought it could have provided better service at the time of the incident and £57 to cover his call costs from overseas. It noted he already had plans to buy a flight home before his card was cancelled.

Our investigator did not uphold Mr S's complaint. She said Halifax was obliged to protect its account holders from possible fraud and the terms of Mr S's account allow it to stop a card to do so. She felt the online chat transcript showed Halifax tried various ways to allow Mr S to make payments by temporarily unblocking his card more than once. The bank also made clear why this was unsafe, the potential risks of additional fraud and how to find his card details on the mobile banking app once the new card was issued. She said it was not fair to expect Halifax to cover the cost of the flight. Mr S was already planning to return to the UK and would then have been able to retrieve the physical card – whilst already having access to the card details via the mobile banking app.

She thought Halifax had been helpful throughout. The additional challenges of bad weather and a power outage were outside its control. In conclusion she said the compensation of £157 was fair and reasonable.

Mr S disagreed and asked for an ombudsman's review.

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 have also taken into account the law, regulator's rules, relevant codes of practice and what was good industry practice at the time.

Having done so I am not instructing Halifax to pay Mr S's air fare. I'll explain why.

I have reviewed the online chat between the parties at the time of this incident. I can see it was frustrating for Mr S but the bank has a regulatory obligation to have systems in place to protect its account holders from fraud. Here there were two attempted requests for payment from two different countries that triggered further checks and Mr S confirmed he had not authorised them. So the bank was right to intervene. As this meant it knew his card details were compromised it needed to block that card to prevent any further fraudulent activity being successful.

The chat transcript shows Halifax worked with Mr S to try to facilitate the access to his funds that he needed, all the while warning that this created a level of risk. This helped Mr S twice, but a power outage meant he could not complete all the online purchases he wanted to. As the temporary block could not be lifted for a third time the card was cancelled.

I understand this caused inconvenience for Mr S but the bank's concerns were valid and prevented Mr S from being a victim of fraud. From the chat transcript I can see Halifax worked hard to present Mr S with options and opportunities to access his money (including a free number for VISA international), but the local infrastructure worked against them at times. But I cannot fairly hold Halifax liable for this. And I disagree that Mr S was only ever given ten minutes to get to an ATM – the bank was trying to arrange set times to minimise the time his card was temporarily unblocked as this left his account at risk. So the plan was for Mr S to contact Halifax once he was at the ATM and it would then lift the block for ten minutes. I appreciate local infrastructure made this difficult for Mr S but that is not a failing on the part of the bank.

Mr S wants the cost of his flight back to the UK to be paid for by Halifax but I do not think that would be fair or reasonable in the circumstances. In addition, as the bank and the investigator noted, the chat transcript shows Mr S intended to buy a flight to the UK before he knew he would need to collect a replacement card.

Halifax paid Mr S £100 as it thought it could have offered a better service to Mr S and £57 to cover his call costs from overseas. I think this is reasonable as it considers Mr S's individual circumstances at the time and how that exacerbated the inconvenience. But I would stress that I think Halifax worked hard to help Mr S, all the time remaining focused on protecting his account from fraudulent activity.

My final decision

Halifax has already paid £157 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Halifax need make no further payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 11 November 2024.

Rebecca Connelley
Ombudsman