

## **The complaint**

Ms S complains about the service she received from Bank of Scotland plc trading as Halifax ("Halifax") when it repeatedly applied a block to her account following attempts by her to transfer £10,000 to an account she wished to open with another provider.

## **What happened**

Ms S holds five accounts with HBOS plc. On 12 May 2024 Ms S attempted to make a transfer online for £10,000 from her Halifax account to a new savings account with an external provider she says she was referred to by her mother. Halifax's security system flagged the payment for a security check and applied a block to the account suspending Ms S's online access and sent a text message asking Ms S to call.

Ms S called Halifax about this on 14 May. Ms S answered Halifax's questions and the account was unblocked. But when Ms S attempted to complete the transaction the account was still blocked. Ms S called Halifax's fraud department but it was unable to fully verify Ms S over the phone and restrictions continued on her account blocking her online banking including faster payments and bill payments. But Halifax said Ms S was still able to transact in person using her debit card or withdraw cash from ATM's.

Ms S was advised she needed to attend a branch with her ID in order to lift the block. Ms S and her father who was present during both calls were not happy about the request to visit a branch and requested for the account to be closed. Halifax's agent advised that the branch could close the account after Ms S was fully verified.

As requested, Ms S attended a branch of Halifax on 18 May along with her father. After speaking with the fraud department and answering its questions the block was lifted and although staff at branch offered to complete the payment for her, Ms S declined. Ms S says decided not to complete the payment as she had to go pick up her children and would make the payment from home as the blocks had now been lifted. At this point Ms S raised a complaint. Halifax offered Ms S £50 compensation for the distress and inconvenience caused.

Ms S attempted once again attempted to make the payment reduced now to £5,000 on 20 May but again the payment was flagged for a security check and as Halifax's fraud manager was unable to fully verify Ms S over the phone the account was again blocked and Ms S advised to visit branch of Halifax with her ID to have the block lifted.

Ms S considered this a waste of time as she'd only been in branch two days earlier and as it was a 20-mile journey for her and she had other work and family commitments that made this difficult she refused to attend a branch as requested.

Halifax investigated Ms S's complaint but didn't agree it had made an error as its fraud team had concerns about the payment it had correctly followed its internal processes and applied the blocks to Ms S's account and that this action was taken in line with its terms and conditions. Ms S must visit a branch with photographic ID so they can verify her and unblock the account. Halifax says it couldn't guarantee future payments won't be stopped for security

checks also. Halifax did however honour the £50 payment for distress and inconvenience it originally offered.

Ms S was dissatisfied with this and brought her complaint to this service. Although she agreed with the actions Halifax took the first time in blocking her account, she didn't believe the actions were reasonable following the visit by her to branch. She denies she was able to use her debit card to transact and says Halifax's actions have left her in financial distress with no access to her money and that she's lost out on interest and a £50 incentive payment for opening an account.

Halifax say the blocks were applied as the voice on the calls made by Ms S on 14, 15 and 20 May differed from the voice on the call made in branch and that a male voice was heard in the background voicing his dissatisfaction with the call. Furthermore, there were concerns that Ms S decided not to proceed with the payment whilst she was in branch. It says that only three of her accounts are blocked and that Ms S is still able to use her debit card in person to transact and has provided internal screen shots to show besides a USD transaction attempted on 15 October there had been no other attempted activities.

Ms S has now advised that she has been diagnosed with a serious health condition and although Halifax sympathises with Ms S's personal circumstances it still requires a visit from Ms S to a branch in order to lift the blocks.

One of our investigators looked into Ms S's concerns but didn't think Halifax had treated Ms S unfairly or had made an error in blocking the payments as it has a duty of care to safeguard its customers money and the account terms and conditions allowed Halifax to do this. Furthermore, they didn't feel that Ms S had lost out on a preferred interest rate as a direct result of something Halifax had done wrong and so didn't think it was responsible for this loss and didn't think Halifax needed to do anything more.

Ms S disagreed and has asked for an ombudsman's 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 hope that Ms S won't take it as a discourtesy that I've condensed her complaint in the way that I have. Ours is an informal dispute resolution service, and I've concentrated on what I consider to be the crux of the complaint. Our rules allow me to do that. And the crux of Ms S's complaint is that Halifax repeatedly and unreasonably applied a block to her accounts when she attempted to make an online payment despite visiting a branch with her ID and answering its questions.

It might be helpful for me to say here that, I don't have the power to tell Halifax how it needs to run its business and I can't make Halifax change its systems or processes – such as how or when payments are processed or held for fraud prevention. These are commercial decisions and not something for me to get involved with. Nor can I say what procedures Halifax needs to have in place to meet its regulatory obligations. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

That said I don't think it was unreasonable for it to have systems in place – in this case carrying out checks on outgoing payments that meet certain criteria for fraud prevention - to ensure the transactions are legitimate and it meets its regulatory requirements. As I'm sure Ms S understands this is needed not only to protect businesses against criminal activity, but also their customers.

It is clear to me from listening to the recording of the calls between Ms S and Halifax how frustrating this matter has been for her – and I sympathise. But overall, I can't say the distress was caused by an error on Halifax's part as I don't think the actions it took was wrong.

I say this because Halifax system flagged the payment for further checks – which given the sum I don't think is unreasonable – and as part of its processes it applied a block to Ms S's account so it could carry out these checks and ensure the payment was legitimate.

Unfortunately, Halifax's agent was unable to verify Ms S over the phone as it had what I think are legitimate concerns. On the first occasion a male voice could be heard in the background expressing dissatisfaction and on the second occasion they were concerned that the caller's voice wasn't Ms S's and so she was asked to attend branch again with her ID in order to verify herself and ensure the payment was legitimate. I also think it is noteworthy that when Ms S had the opportunity to complete the payment in branch in person after making the trip and spending time answering Halifax's questions she chose not to saying at the time she wanted to think about it further.

I appreciate Ms S has been both distressed and inconvenienced by this, but the actions Halifax took are allowed under its terms and conditions and is in-line with its regulatory obligations and ultimately, it took this action to protect Ms S's interests, so I don't think Halifax have acted unreasonably or treated Ms S unfairly here.

Ms S says due to Halifax's actions she's been unable to access her money for months. But Halifax say while Ms S's ability to make online transfers and bill payments were blocked, she was still able to use her debit card in person and Halifax have provided screenshots to show that besides a USD transaction attempted on 15 October there had been no other attempted activities. So I'm not persuaded this is the case.

I'm also not persuaded Ms S has lost out financially. Ms S's statements show that the funds earmarked to make the payment were from a transfer into her account from an account held by her father rather than any earnings or savings of her own. And my understanding is the funds were intended to fund a new savings account at an external provider rather than remain in Ms S's Halifax account. So I can't see how Halifax putting a block on this payment has caused Ms S financial distress or has been the cause of any debt she may have.

Ms S says she's missed out on interest and a bonus incentive payment of £50 due to not being able to make the payment. But I note during the phone call between Ms S and Halifax's agent in branch on 18 May – of which I've listened to a recording of - that Halifax did offer to complete the payment, but Ms S declined stating that she no longer wished to do the transfer and wanted to think about it and look into it further. So I don't think Halifax has treated Ms S unfairly or that Ms S lost out as a result of any error made by Halifax and so it follows I do not uphold this complaint.

### **My final decision**

For the reasons I've explained, I've decided not to uphold Ms S's complaint against Bank of Scotland plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 21 November 2024.

Caroline Davies  
**Ombudsman**