

The complaint

Mrs K is unhappy that Bank of Scotland plc trading as Halifax blocked several payments that she tried to make while on holiday overseas.

What happened

Mrs K travelled overseas on holiday. Before she did, she purchased a Travel Smart Service from Halifax to save on international fees she would otherwise be charged for using her debit card abroad.

However, when Mrs K began her holiday, she found that while some payments she tried to make using her debit card were processed without issue, other payments were prevented from completing by Halifax, even though there was money present in her account for the payments to be made.

Mrs K wasn't happy about this. And she also wasn't happy that she'd incurred some overseas debit card usage fees even though she'd purchased the Travel Smart Service from Halifax, and because she'd told Halifax that she would be overseas at that time at the time in question when she'd purchased that service. So, she raised a complaint.

Halifax responded to Mrs K. They noted that Mrs K had purchased the Travel Smart Service for a two-week period and that the fees that Mrs K had been charged were for transactions the day before that two-week period started and the day after it ended. However, Halifax agreed to reimburse the charged fees, totalling £43.91, to Mrs K as a gesture of goodwill.

Halifax also noted that regarding the charge that Mrs K incurred the day after the Travel Smart Service period ended, that Mrs K had tried to make that payment the day before – while the Service was still in place. And Halifax accepted that if Mrs K had been able to make that payment on that day, she wouldn't have incurred the overseas debit card usage fee the next day. Halifax apologised to Mrs K for this and paid £60 compensation to her for any upset or inconvenience she may have incurred.

However, Halifax didn't feel that they'd done anything wrong by flagging several payments that Mrs K had attempted to make while overseas as being potentially concerning and didn't uphold that aspect of her complaint. Mrs K wasn't satisfied with Halifax's response, so she referred her complaint to this service.

One of our investigators looked at this complaint. They didn't feel Halifax had acted unfairly by blocking some of Mrs K's attempted transactions because of their concerns. And they felt that the £43.91 reimbursement of charges and £60 payment of compensation that Halifax had paid to Mrs K already provided a fair resolution to those aspects of Mrs K's complaint. Mrs K didn't accept the view of this complaint put forward by our investigator, 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.

Mrs K has said that she doesn't feel that Halifax should have had any concerns about the transactions she wanted to make while she was overseas because she had told them that she would be overseas at the time in question when she purchased the Travel Smart Service from them.

However, the Halifax Travel Smart Service is simply a service that allows for a suspension of overseas debit card charges for a selected period for a set fee. And the purchase of a Travel Smart Service doesn't in any way influence Halifax's automated fraud prevention systems, which monitors transactions in the same manner regardless of whether a Travel Smart Service has been purchased or not.

Indeed, given that holidaying tourists are often the targets of scams, it makes sense to me that Halifax's fraud prevention systems would have had concerns about transactions that Mrs K attempted to make while she was overseas. And if Mrs K was of the belief that purchasing a Travel Smart Service would reduce the likelihood of attempted transactions being flagged by Halifax's fraud prevention systems while she was on holiday, then unfortunately this was an incorrect belief based on a mis-understanding of how Halifax's Travel Smart Service worked.

Mrs K has said that when she purchased the Travel Smart Service, she had to input the country that she was travelling to. But Halifax have provided screenshots of the customer journey that takes place when their Travel Smart Service is purchased, and this demonstrates to my satisfaction that there is no requirement to supply an intended destination. This makes sense to me, given that the Travel Smart Service stops overseas card usage fees being charged regardless of what country the purchaser travels to.

Furthermore, even if Mrs K had provided Halifax with information of the country she was travelling to, this wouldn't have affected Halifax's fraud prevention systems, which would have continued to have assessed the transactions attempted on Mrs K's account in the same manner as if such information hadn't been provided.

In consideration of all the above, I've assessed Halifax's actions here surrounding the blocking of payments that Mrs K attempted to make while she was on holiday. Halifax say that they blocked eight attempted transactions in total and have provided details of these, whereas Mrs K has said that a larger number of transactions were declined.

Notably, it can be the case that a transaction can fail at a point earlier in the transactional chain so that the transaction attempt never reaches the bank. One possible reason (but not the only reason) this might happen is if there is a connectivity issue with the merchant.

As such, while I don't discount Mrs K's testimony that more than eight payments she tried to make didn't complete, I'm satisfied from the information provided to this service by Halifax that Halifax were only responsible for blocking eight payments. And this is because I'm satisfied that if Halifax had blocked a payment, that they would have a record of doing so.

The first time Halifax blocked a payment Mrs K attempted to make was on 18 May 2024, and it's my understanding that this was shortly after Mrs K had arrived in the overseas country to begin her holiday. At that time, Halifax sent a text message to Mrs K asking her to confirm that she was attempting the transaction in question. Mrs K responded to this message and confirmed that she had attempted the payment. But Mrs K didn't do so within the timeframe expected by Halifax, and this led Halifax to place a cautionary block on her account.

Halifax have explained that this cautionary block doesn't prevent further transactions from being made. But it does initiate a process whereby Halifax try to contact their customer to get a confirmatory verification from them. And if Halifax can't contact their customer within a set number of days, the cautionary block is upgraded to a more restrictive block which will prevent payments from completing so that Halifax's customer is incentivised to contact Halifax themselves.

This appears to be what happened here. And I note that Halifax's records show that they didn't block any further payments that Mrs K attempted to make after 18 May 2024 until 26 May 2024, which was when they applied the more restrictive block to Mrs K's account, having not been able to get in touch with her.

Halifax have explained that the process of trying to contact a customer on whose account a cautionary block has been placed is automated, and usually involves automated phone calls. Mrs K has said that she didn't receive any such calls from Halifax. But it may be the case that Mrs K being overseas may have affected Halifax's ability to make the calls or Mrs K's ability to receive them.

However, regardless of why Mrs K didn't receive the calls that Halifax tried to make, the fact that Halifax didn't block any further payments from 18 May 2023 until 26 May 2023 means that there was no impact on Mrs K of not receiving those calls during that time.

After Halifax applied the more restrictive block to Mrs K's account on 26 May 2024, Mrs K contacted Halifax the following day and satisfied Halifax's requirements such that the block was removed. And Halifax didn't block any further payments that Mrs K tried to make because of potential fraud concerns after that time.

So, to summarise Halifax's actions here: Halifax had concerns about a payment Mrs K tried to make shortly after she arrived on holiday and blocked that payment. Halifax then sent a text message to Mrs K asking her to confirm it was her that attempted the payment. Mrs K responded to that text message, but didn't do straight away, and this led Halifax to apply a cautionary block on her account and to try to contact her to get confirmation that it had been Mrs K that had attempted the payment.

Several days later, after Halifax had been unable to get in touch with Mrs K, they placed a more restrictive block on Mrs K's account which caused several further payments Mrs K attempted to make to be blocked and which prompted Mrs K to contact Halifax the following day – at which time the blocks on Mrs K's account were removed.

In consideration of the above, Halifax's actions don't seem unreasonable to me. And while I can appreciate that Mrs K experienced some frustration and inconvenience because of payments she attempted to make on 18 and 26 May 2024 not completing, and because she had to contact Halifax to have the blocks on her account removed, I don't feel that it follows from this that Halifax have treated Mrs K unfairly.

Rather, I feel that the trouble and upset that Mrs K has incurred here was an unfortunately necessary consequence of Halifax following a reasonable process which is intended to protect Mrs K's account and to meet Halifax's moral and regulatory obligations to do so. And because of this, I won't be upholding this aspect of Mrs K's complaint.

Regarding the Travel Smart Service, Mrs K arranged for the Service to be in place for the period 19 May 2024 to 1 June 2024. In their response to Mrs K's complaint, Halifax agreed to reimburse overseas debit card usage fees that Mrs K incurred because she used her card on 18 May 2024 and 3 June 2024 – both before the start date and after the end date that Mrs K had chosen for the Travel Smart Service to be in place. This seem generous to me,

given that the fees were charged correctly because the Travel Smart Service wasn't in place at those times.

Finally, Mrs K notes that she did try to make a payment on 1 June 2024, when the Travel Smart Service was still in place, which didn't go through. But the reason that attempted payment wasn't successful wasn't because of any potential fraud concerns that Halifax had, but because Mrs K tried to make the payment using an electronic payment method associated with her mobile phone, and the payment amount exceeded the allowed limit for that method of payment.

In their response to Mrs K's complaint, Halifax appear to have incorrectly taken responsibility for that payment not completing, and they paid £60 compensation to Mrs K for this. Again, this seems generous to me, given that I'm satisfied that the payment didn't fail because of any action or inaction of Halifax's, but because Mrs K attempted the payment via a method that wasn't viable for the selected payment amount.

All of which means that I don't feel that Halifax have acted unfairly here towards Mrs K as she contends. Rather, I feel that Halifax followed a reasonable process regarding the payments that Mrs K attempted to make that Halifax did block. And I also feel that Halifax's reimbursement of fees and payment of compensation to Mrs K go beyond what I would have expected Halifax to have done here such that I'm satisfied that no further action is fairly or reasonably required of them in these regards.

I realise this won't be the outcome Mrs K was wanting, but it follows that I won't be upholding this complaint against Halifax or instructing them to take any further action. I hope that Mrs K will understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 13 November 2024.

Paul Cooper
Ombudsman