

The complaint

Mr T is unhappy that Bank of Scotland plc, trading as Halifax, restricted his account and refused to remove those restrictions until he visited branch with personal ID.

What happened

In July 2022, Mr T opened a new account with Halifax. He then transferred £5,000 into that account from another Halifax account held in his own name. However, Halifax then placed restrictions in Mr T's account and said that they weren't willing to remove those restrictions until Mr T visited a Halifax branch and confirmed his identity. As an elderly gentleman with health and mobility issues, Mr T wasn't happy about this. So, he raised a complaint.

Halifax responded to Mr T but didn't feel that they'd done anything wrong by restricting his account or by requiring him to visit a branch in person to verify his identity before they would remove those restrictions. Mr T 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 Halifax had acted unfairly in how they'd managed the situation and so didn't uphold the complaint. Mr T 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 11 October 2024 as follows:

Halifax have explained that in 2021, approximately a year before Mr T opened the account in question, Halifax received an application for a similar account made in Mr T's name that turned out to be a fraudulent application. As such, I can appreciate why Halifax would have concerns about the genuine account application that Mr T made a year later, in 2022.

But if Halifax did have concerns, I would have expected these to have been picked up and acted upon before they approved the 2022 application and opened the account and allowed Mr T to transfer money into it.

It's also notable that Mr T transferred money into the account in question here from another Halifax account held in his name at the same Halifax branch. Neither Mr T nor Halifax have suggested that Halifax have any issue or concerns about the validity of Mr T's other Halifax account from where he transferred his money from. And I hope that Halifax will understand that this causes me to think about the legitimacy of their concerns about the newly opened account.

Of course, I understand that Halifax, like all banks, base their actions in circumstances such as this, on the policies and processes that they have in place that pertain to this type of situation. And I also understand that the policies and processes are arrived at with the safety

and security of their customers' money in mind.

But in circumstances such as this, there's always a danger that the rote following of a policy or process without the application of reasonable sense will lead to an unfair outcome for a customer. And I feel that this is what's happened in this instance.

This isn't to say that Halifax weren't right to have concerns about the account opening, given the history of prior fraudulent account applications. And I can also understand how, when Halifax's initial attempts to contact Mr T were unsuccessful, those concerns may have increased.

But it is to say that I feel that Halifax should have considered that Mr T moved money into the account from another account held by him in his name at the same Halifax branch – an account which to my understanding Halifax have no concerns about – such that I feel that Halifax should have reasonably allowed Mr T to recall his money to that account if he needed access to it.

Additionally, it's also my understanding that Halifax were aware of Mr T's age and his medical and mobility issues (or were made aware of these) such that I'm not convinced that it was fair or reasonable for Halifax to insist that he come into branch to verify his ID for one (but not all) of his accounts held at branch. And I feel that Halifax could and reasonably should have made an exception to their policy in this individual instance and allowed Mr T to verify the validity of his account application by means that were less difficult for Mr T to comply with.

It's my understanding that Mr T was able to visit a Halifax branch with the help of his daughter in May 2024, and provided the information and confirmation that Halifax required. But unfortunately, when this service asked Halifax about this visit, Halifax had no record of it and said that the requirement for Mr T to visit a branch to verify his identity was still in place.

Halifax have now accepted that Mr T did visit branch in May 2024 and that their lack of record of this visit was a mistake on their part. But as I'm sure Halifax will understand, given that this service relayed Halifax's incorrect assertion that Mr T hadn't visited branch to him, that this has compounded and amplified the upset and frustration that Mr T was already experiencing.

As such, after careful consideration of all the above, I'll be provisionally upholding this complaint in Mr T's favour and instructing Halifax to remove the restrictions from Mr T's account, if they haven't done so already.

Additionally, I feel that Mr T has been unfairly deprived of access to his money. So my provisional instructions also include that Halifax should apply interest to Mr T's account balance from when Mr T first explained to them that he would find it difficult to attend a branch to verify his identity until the end of the month that the account restrictions are removed.

To that end, Halifax should confirm the date that they were first made aware of Mr T's medical and mobility issues, with evidence, in their response to this provisional decision, even if they also offer disagreement and counter argument to it.

Finally, in consideration of the upset and inconvenience that Mr T has experienced here, which I feel could have been largely avoided had Halifax chosen to handle matters in a more customer focussed rather than process focussed manner and had they acted upon Mr T's May 2024 branch visit as they should have, Halifax must pay a further £450 to Mr T by way of compensation for the trouble and frustration he's incurred.

Both Mr T and Halifax responded to my provisional decision and confirmed that they were in acceptance of it, with Halifax agreeing to credit that account balance with applicable interest from the date that Mr T deposited his money into the account. As such, I see no reason not to issue a final decision here whereby I uphold this complaint in Mr T's favour on the basis explained above. And I therefore confirm that my final decision is that I do uphold this complaint on that basis accordingly.

Putting things right

Halifax must pay applicable interest on the account balance from the date Mr T deposited his money into the account until the end of the month that the issue is resolved.

Halifax must also pay £450 to Mr T.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 21 November 2024.

Paul Cooper
Ombudsman