

The complaint

Mr and Mrs K are unhappy with the level of compensation offered by Bank of Scotland trading as Halifax (Halifax) following around £435 worth of disputed transactions being debited from their account.

What happened

The background facts are well known to both parties, so I will only cover these briefly.

It's not disputed that Mrs K informed Halifax in October 2022 that her card was stolen. Halifax incorrectly recorded her card as "lost" instead of "stolen". Following this, additional transactions were allowed to leave the account totalling around £435. This amount has been refunded to Mr and Mrs K along with £150 to compensate them for the trouble and upset this caused.

Mr and Mrs K, have expressed through their representative that they are unhappy with the amount of compensation offered and feel that £5,000 would be a fairer amount. The reasons they are asking for increased compensation includes but is not limited to:

- The considerable stress, uncertainty and anxiety caused leading to mistrust of Halifax
- The time and resources spent due to this error, which included filing police reports
- A belief that Halifax failed to act promptly
- A belief that Halifax didn't communicate with them in a clear and consistent manner.

What I've decided – and why

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While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality. I'd like to assure both parties I've considered everything they have sent including the additional information provided following the investigator's view.

I appreciate that Mr and Mrs K want a thorough investigation of Halifax in order to determine why the card wasn't initially blocked, and appropriate steps taken to prevent further breaches – however it is outside the scope of this complaint for me to ask Halifax to change or investigate its internal policies and procedures. Within this decision I'm limited to only commenting on how Halifax's actions impacted Mr and Mrs K. In this decision I'm looking at if Halifax's offer is fair, given the impact their error in not cancelling the card had on Mr and Mrs K.

I think it's fair to say that Mr and Mrs K haven't lost out financially because of the error, as the unauthorised transactions have been refunded in full to them. Halifax has also agreed to

compensate for the loss of the use of money (around 8% interest on the unauthorised transactions from the point the amounts left the account until the date they were refunded). I think this is a fair way for Halifax to compensate Mr and Mrs K for this. Halifax has also offered to refund the overdraft charges for this period too.

What is left for me to consider is if the £150 Halifax has offered fairly compensates them for the trouble and upset they suffered because of this error.

Looking at the timeline of events I can see that Mrs K's card was cancelled on 18 October 2022. But it appears that as the card was recorded as lost and not stolen – transactions were still able to be completed using that card. These transactions left the account in July and September 2024.

Halifax accepts that when the unauthorised transactions were initially raised to them a refund wasn't given at this point. In Halifax's final response letter which was dated around five days after complaint was raised, Halifax apologises for this and explains that the error was due to Mrs K's cancelled card and confirmed that they shouldn't have let the transactions through. I'm pleased that in this letter, Halifax has acknowledged their error and in addition offered £150 compensation for the distress caused.

In the calls I've listened to between Mrs K and Halifax and I have noted that her representative is doing most of the communication with Halifax. The representative also mentions that they went to the third party the payments were made to, in order to get to the bottom of the transactions. They have also mentioned that they have contacted the police. While I can't compensate the representative for the inconvenience they suffered I have taken the additional steps into account, as I think it's fair to say that this also would have impacted Mr and Mrs K.

Mr and Mrs K have also said that they were treated in a unprofessional manner during the phone calls they had with Halifax specifically the first call they had with Halifax. I want to first acknowledge that Mr and Ms K shouldn't have made as many phone calls as they did in order to sort this issue out. However, having listened to the call between Halifax and Ms K's representative where they first logged their concerns about the transactions I'm satisfied that Halifax acted in a professional manner (albeit that a refund wasn't agreed at this time).

Our service has an approach to compensation for distress and inconvenience which tries to be fair to both consumers and businesses and focuses solely on the impact any mistakes had on consumers. Our awards are not meant to punish businesses.

Considering how long this went on for, the steps Mr and Mrs K had to take to recover their funds and the impact on them I also think the £150 offered by Halifax, on top of the £4 they have offered to cover the 8% interest while Mr and Mrs K were without the funds and a refund of overdraft fees for this period, is fair and in line with our approach. Because of this I'm not asking them to increase this amount.

My final decision

My final decision is that Bank of Scotland trading as Halifax should

- Pay Mr and Mrs K £150 compensation
- Pay Mr and Mrs K £4 to cover the 8% interest for the disputed transactions while Mr and Mrs K were without access to the funds
- Refund Mr and Mrs K £3.56 to cover the overdraft fees from when the disputed transactions occurred until they were refunded.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K and Mrs K to

accept or reject my decision before 22 July 2025.

Sureeni Weerasinghe
Ombudsman