

The complaint

Mr C is unhappy about a number of issues relating to the administration of his accounts with Bank of Scotland plc trading as Halifax.

What happened

Mr C has banked with Halifax for many years. He's said that over recent years he's become increasing unhappy about his interactions with Halifax. He's told us that he wrote to Halifax on 24 January 2024 but didn't receive a response to his letter. He contacted Halifax in February 2024 to question why he hadn't heard from them and was told they'd not received his letter. So Mr C wrote to Halifax again on 17 March 2024 enclosing a copy of his letter of 24 January 2024.

He raised the following issues:

- Halifax failed to respond to his letter of 24 January 2024.
- When he visited his local branch they weren't able to provide him with a copy of the terms and conditions relating to his savings accounts.
- Halifax hadn't responded to an earlier letter dated 21 April 2023.
- He was unhappy that when he asked for information in branch to confirm when a cheque was cashed he was handed an unsigned slip of paper which didn't provide all the information he needed.
- He's unhappy with the security questions he was asked and considers these to be ageist and intrusive.
- He's unhappy that Halifax have removed the use of passbooks from the accounts he holds.

Halifax dealt with Mr C's letter as a complaint and issued a final response letter on 2 April 2024. They apologised for not responding to his letter of 24 January 2024 and said they couldn't explain why this had happened as Mr C had said the letter was sent by special mail.

They also apologised for the branch not being able to provide a copy of the terms and conditions of his account. They accepted he hadn't received the level of service they'd expect and arranged to pay him £35 as compensation for this.

They said they'd responded to his letter of 21 April 2023 and provided a copy of their response. And said that if he wanted to discuss this further he should call their complaint manager or write to them quoting the complaint reference.

In respect of the information contained on the slip of paper provided in branch Halifax said that if Mr C had any concerns that the information provided wasn't sufficient then they'd have expected him to make them aware of this, and they'd have looked to see what further

information could be provided.

Regarding Mr C's concerns about the security questions he was asked Halifax said that they take their customer's security very seriously, and to protect them and their accounts they ask security questions which are specific to the account holder. They said they need to ensure that they're speaking to the correct person and introduced security questions to comply with ever changing legislation and regulatory requirements that they have to adhere to.

Mr C had said that as a customer he hadn't been consulted before new processes were introduced. Halifax said these were internal processes so they wouldn't have written to customers individually to make them aware of the introduction of security questions. While they said they understood that Mr C was unhappy, they felt it was reasonable for customers to expect to be verified.

In respect of the questions a customer is asked they said these are system generated and the colleague dealing with a customer doesn't have a choice about what is asked. If a customer is having difficulty answering a question, then they'd try to assist by asking further questions about the accounts if possible. But if the customer still couldn't answer they might be asked to provide proof of identity. Mr C had told Halifax he didn't have an up to date passport or driving licence, so they provided details of other forms of identity they could accept.

Halifax didn't agree that the security questions asked were ageist. They said they couldn't say that all customers within a particular age group wouldn't be able to answer a question. And not all customers would be asked the same question as he would, as the questions generated depend on the information held about a customer.

When attending a branch Halifax said there could be occasions where a manager can use discretion where appropriate when a customer is completing security. And this may have been the case when Mr C visited the branch on other occasions, as he'd mentioned in his letter. But this wouldn't always be possible.

Mr C had also said he was unhappy about the additional questions he was asked in branch as he thought these were personal and intrusive. Halifax said they had to keep information relating to a customer's identity up to date to comply with anti-money laundering legislation, so this is why from time to time customers will be asked questions such as their employment.

In respect of Mr C's Liquid Gold account Halifax apologised that he hadn't been told he could obtain details of the terms and conditions online. And provided him with a copy.

They said they'd carried out an in-depth review of passbook accounts before making the decision to stop using them, and that this decision wasn't taken lightly. They said the way in which people bank is changing, passbooks have limited functionality, fewer customers are using branches and dispensing with passbooks offers more options to customers to access and manage their accounts.

Halifax concluded their letter by saying they were disappointed to hear of the experience Mr C had with them and that he was unhappy with the service they offer and how they operate as a bank. They said it wasn't their intention to upset customers but at times there will be decisions that not all customers agree with.

Halifax paid Mr C £35 compensation in respect of the delay in replying to his letter of 24 January 2024 and not being able to provide him with a copy of his account terms and conditions in branch.

Mr C wasn't happy with Halifax's response to his complaint and complained to our service. In his complaint to us Mr C raised some issues that hadn't previously been raised with Halifax and provided detailed comments on Halifax's final response letter. He's told us clearly that his main concern is Halifax's security questions.

Our investigator considered the case and said he understood Mr C's complaint to be the level of service he'd received from Halifax, and in particular the following points:

- He was asked to provide proof of his identity in branch.
- Halifax didn't respond to his letter of 24 January 2024.
- Halifax paid the compensation they offered into his account rather than sending him a cheque.
- A paper slip he was handed in branch contained limited information and he couldn't speak to the bank employee who provided it as they weren't in branch.
- Halifax's security questions fail to take into consideration the age of the customer, which Mr C believes is age discrimination.
- He had an unpleasant confrontation with a member of staff in a Halifax branch when he attempted to complete security questions and withdraw cash.

Our investigator said that as a resolution to his complaint Mr C wanted our service to:

- Contact the Information Commissioner's Office (ICO) to ask whether they've investigated what's being done in banking and privacy.
- Contact the Financial Conduct Authority (FCA) as he's concerned about what he regards as reprehensible entanglement.
- Consider older savers and the security questions they're asked.

Our investigator said that Halifax had only addressed the points Mr C had raised with them in their final response letter. And he would need to raise any further points with them directly to allow them to respond to these.

He summarised what Halifax had said in their final response letter and said Halifax had made a number of further points regarding Mr C's complaint. These were that security questions are asking to protect customers and not for 'information grazing.' They've said they removed passbook accounts to offer a better service and protect customers going forward. And if Mr C has outstanding questions regarding his complaint and their response he can contact them and they'll try to assist him.

Our investigator then explained that our role is to resolve disputes between businesses and their customers. We're not a regulator, so we can't tell a business how they should operate or what they should change, that's the role of the FCA. Nor is it our role to refer individual cases to the ICO. But he said that if Mr C thinks it's appropriate he can do this himself.

Our investigator didn't uphold the complaint. He was satisfied Halifax had put things right about not responding to Mr C's letter of 24 January 2024 by paying £35 compensation. And the method of payment wasn't unreasonable. He felt the security measures in place to verify customers were reasonable and didn't agree that Halifax had discriminated against Mr C.

Mr C didn't accept our investigator's opinion. He's responded at length to what our investigator said and has raised further issues that haven't been raised with Halifax. Briefly the points he made are as follows:

- 1) Despite stating that Halifax's security questions and identity checks were the 'nub' of his complaint he doesn't think that these have been given sufficient emphasis, or that our investigator considered the many years he banked with Halifax without having to raise any concerns.
- 2) He's unhappy about the delay between him writing to Halifax on 24 January 2024 and their final response letter of 2 April 2024. He believes Halifax haven't been clear about what happened to his original letter and why they didn't reply.
- 3) He's feels that our investigator dismissed his account about the information he was given in branch on the slip of paper.
- 4) He questions the role of the 'personal advisors' assigned to him, says their purpose wasn't explained to him by Halifax and says our investigator hasn't commented on this.
- 5) He's not happy with our investigator's comment that the discontinuation of passbooks for Liquid Gold Accounts was a business decision. And says he's no longer able to use his local branch as it closed at the end of September 2024. He disputes that passbooks were discontinued to provide customers with a better service and says that Halifax have attempted to persuade him to merge his accounts by offering higher interest rates should he choose to do so.
- 6) He says there is an inconsistency between our investigator saying that the personal advisors he was assigned may know him, but this doesn't mean he can complete banking transactions without completing any form of security. He suggests that what Halifax have said about the bank manager's discretion regarding security questions and verification seems to depend on the amount of business a customer can put the banks way.
- 7) He believes that Halifax have a duty to advise customers of the Banking Protocol and any impact this has on the security questions they're asked. And he's staggered by the lack of representation in the discussions leading to the Banking Protocol by the Information Commissioners' Office as the protocol was bound to raise issues of privacy and confidentiality.
- 8) For all these reasons he doesn't accept that our investigator's comments that expecting him to complete security checks wasn't unfair or unreasonable.
- 9) He queries what our investigator's reference to £30 compensation on page six of his opinion.
- 10) He regards sceptically any seeming recantation by Halifax from their final response letter.

The case has now come to me for a 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.

It's clear that Mr C feels very strongly about the issues he's raised. I want to assure him that I've considered everything he and Halifax have said but I'm going to concentrate on addressing what I consider to be the most relevant points.

Mr C has told us that he considered our investigator's opinion to be too long, so I'm going to endeavour to address the numerous complaint points he's raised as concisely as I can. But I have to make it clear that I can only consider the issues he's raised with Halifax which they dealt with in their final response letter of 24 March 2024.

Mr C will need to raise any other issues with Halifax directly and give them the opportunity to respond. This also applies to Mr C's complaint about his letter to Halifax dated 21 April 2023. Halifax have said Mr C can raise any queries about their response with them.

We're not a regulator, that's the role of the FCA. We're an impartial service and our role is to try and resolve disputes between financial businesses and their customers informally and on a fair and reasonable basis. So when we say we can't tell businesses how to operate we're not avoiding dealing with consumer's concerns, it's simply not our role.

Mr C has commented at some length about Halifax's delay in responding to his letter of 24 January 2024. Halifax apologised for the delay but couldn't explain why they didn't reply. But as they had to ask Mr C to send them a copy it appears the letter was lost or misplaced. They accepted they didn't provide Mr C with the level of service they expect and apologised. Which is fair in the circumstances.

Halifax have paid Mr C £35 for the poor service provided in relation to this and for not being able to provide a copy of the terms and conditions of his savings account when he requested them. I've considered this and I think the compensation offered is reasonable. And I think it was reasonable for Halifax to pay this money into Mr C's account as he has access to the money and could move it elsewhere if he wished to.

Mr C raised a query in branch about the date a cheque had been cashed. He's unhappy that the information provided on a slip of paper wasn't signed or dated and didn't contain all the information he required. Halifax have said that the colleague dealing with his query wouldn't automatically sign or date the slip, and if it didn't contain the information he needed Mr C should have made them aware of this.

I think what Halifax have said is reasonable. Mr C has told us when he returned to the branch the colleague who served him wasn't working so he couldn't raise this with them. But as his question was regarding his account, I'd expect whoever was working on the counter that day to be able to provide the further information he needed.

Regarding the role of personal advisers I can't see that Mr C has raised this with Halifax, so if he has continuing concerns he needs to raise these directly with Halifax and give them the opportunity to respond. But I will say that any complaint about this may fall outside our remit as I've explained that it's not our role to tell businesses how to operate.

Mr C raised two concerns about his Liquid Gold account. The issue with obtaining a copy of the account terms and conditions and the discontinuance of the use of passbooks. While I understand removing passbooks is a change Mr C is unhappy about it's a business decision which Halifax say they've taken after an in-depth review of such accounts, so it's not something we can ask them to review.

Mr C has said his main concern is Halifax's security questions. Halifax have said they take

security very seriously and they're required to ensure they're speaking to the correct person about an account. Financial businesses are required to comply with a range of legislation to address data protection, fraud, scams and money laundering.

Unfortunately fraud and scams have become an increasing problem and the Banking Protocol, to which Mr C has referred, was developed as an industry wide initiative designed to protect customers from falling victim to them.

We wouldn't expect businesses to consult their customers about bringing in processes to protect them and their money. While Mr C may not like being required to answer security questions and feels they're not required as he's known to the bank, it's not unreasonable for Halifax to ask them for the reasons explained. And security questions aren't anything to do with how Mr C has managed his accounts, they're a protection for banks and their customers.

In their final response Halifax said that on occasion the branch manager has discretion not to require security questions to be completed. They've not said in what circumstances this might apply but I'd not expect it to be in the course of day to day banking transactions.

Mr C believes that the Halifax's security questions are ageist and an invasion of privacy. It's important banks ask security questions to protect customers. As they have to establish someone's authenticity, they need to use personal information they hold which only their customer would know to do this. So I don't agree they treated him unfairly here. Banks are also required from time to time to update the information they hold about customers to ensure its accurate so it's also reasonable they ask questions to do this.

Halifax have told us any questions are randomly generated, and if a customer has difficulties answering a question, they'll be asked another. And if the questions can't be answered they'll ask for identification to be produced. They've provided Mr C with a list of acceptable documents to confirm his identity, which I think is reasonable.

Mr C has now told us that his local Halifax branch closed at the end of September 2024. While I acknowledge that this is likely to be inconvenient for Mr C this is something he needs to raise with Halifax directly. And it's a business decision that we can't ask Halifax to review.

My final decision

For the reasons set out above my final decision is that I don't uphold Mr C's complaint about Bank of Scotland plc trading as Halifax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 23 April 2025.

Patricia O'Leary
Ombudsman