

The complaint

Mr D complains Bank of Scotland plc trading as Halifax unfairly placed a temporary block on his account.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr D held a Halifax account. On 23 July 2024 Halifax's systems flagged a payment of £800. Halifax said it needed to check the payment and it informed Mr D that whilst it carried out its review his account would be restricted – initially for 24 hours, but this was clarified with Mr D and increased to 48 hours. Mr D could only transact on the account for £100 during this period.

Mr D raised a formal complaint about the handling of his account and the block placed on it. Mr D said Halifax's actions were unnecessary and he had received poor service. In its final response letter dated 7 August 2024 Halifax apologised for the time Mr D had to spend on the phone to its fraud team. It paid Mr D £18 to cover the call costs. Halifax also explained the payment was flagged correctly and its checks are in place to protect customers. It confirmed the blocks on Mr D's account had been removed once the payment was checks and that going forward it would continue to monitor the account, in line with the account terms and conditions.

Mr D remained unhappy with Halifax's handling of his account and referred his complaint to this service. In his referral Mr D explained the policies Halifax have in place need to be applied appropriately and its actions caused him significant stress and inconvenience. Mr D said he was unable to visit a relative and the impact warranted further compensation. Mr D says £500 would be appropriate. If this is considered too high, Mr D says he is willing to consider another amount Halifax considers fair.

An Investigator reviewed Mr D's concerns, and in summary made the following findings:

- Halifax was acting in line with the account terms in stopping the payment as it was ensuring the account was protected from fraud.
- Mr D accepted the terms of the account when he opened it, and Halifax hasn't made a mistake or acted unfairly.
- The blocks were removed within the 48-hour window provided, and Mr D was able to use the account with a £100 limit on transactions. This was reasonable, and ensured the impact on Mr D was reduced.
- Mr D hasn't experienced any financial loss, and Halifax doesn't need to compensate him.

Mr D remained unhappy and maintained Halifax had acted unfairly. Mr D says Halifax failed to consider the specifics of his account before it put the block in place. Mr D reiterated his belief that compensation was appropriate.

As no agreement could be reached, the case has been referred to me – 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.

Firstly, I am sorry to see Mr D has had cause for complaint. I can see he has found Halifax's actions highly unacceptable. Mr D has made detailed submissions, and I'd like to reassure Mr D that I've considered the whole file and what's he's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I'll start by setting out some context for the review of Mr D's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations and aim to protect consumer accounts from fraud and financial crime. In Mr D's case I'm satisfied Halifax was complying with these obligations when it reviewed the payment from his account.

Mr D's account terms and conditions also allow Halifax to verify payments. Mr D says the terms don't explicitly state that the account will be blocked whilst a payment is verified. However, I consider a block to be appropriate whilst a payment is reviewed to safeguard the account. The terms and conditions of the account form the fundamental basis for the relationship between Mr D and Halifax. However, there will be practical considerations that the terms and conditions may not explicitly outline. An account block whilst a payment is checked is common industry practice, and I don't consider this to be an inappropriate tool for Halifax to use.

I understand Mr D's frustration with the block, and I don't doubt it would've had a detrimental impact on him, especially as he appears to have used the current account regularly. Mr D says the funds within the account are his and he should be able to use them without hindrance. It is not in dispute the funds belong to Mr D – however, in having a bank account with Halifax Mr D is entrusting it to hold these funds. And as explained this agreement comes with certain terms and conditions, which Mr D agreed to when the account was opened. Although I understand Mr D's frustration, I consider the block to be necessary to ensure Halifax was able to comply with its regulatory requirements. Halifax allowed Mr D to transact on the account for a limited amount - £100. This enabled Mr D to have access to essential funds whilst it completed its checks. I can also see the blocks were removed within 48 hours, and I can't see that Halifax caused any unnecessary delays during its review.

Mr D says the checks carried out by Halifax were unnecessary. The transaction for £800 for currency wasn't particularly unusual, and the location was near his home address. Essentially Mr D believes the size and nature of the transaction didn't warrant the action Halifax took. I've considered Mr D's points, but I don't agree Halifax acted in an overzealous manner. Halifax will have a range of systems and triggers in place for monitoring accounts, and number of factors will form the basis for a review. The risk factors involved will constantly evolve and there will be instances where a trigger is alerted and there is no fraudulent activity. The systems in place aren't entirely accurate, but as explained above, Halifax regulatory duties require it to have processes in place to protect accounts. Further I

must highlight it's not my role to comment on the details of the processes Halifax has in place. Instead, my review has focused on whether Halifax has treated Mr D's account fairly, and I am satisfied it has.

In response to the Investigator's view Mr D raised general points about how banks such as Halifax shouldn't be able to behave in this manner without consequence. I note many of the points Mr D raises concern the overall operation of Halifax and how it manages accounts. It is the role of the Financial Ombudsman Service is to resolve individual complaints and to award redress where appropriate. We do not perform the role of the industry regulator, and it is not our role to comment on how businesses conduct their operations. That's the role of the regulator, the Financial Conduct Authority (FCA). For these reasons I won't be responding to Mr D's comments about the way Halifax operates on a general level and its procedures.

Mr D says he spent a great deal of time on the phone to Halifax when his account was blocked. Halifax accepted Mr D was on the phone for some time and paid Mr D £18 to cover the costs of his calls. Mr D says this amount recognises that one issue but fails to adequately compensate him for the immense stress and inconvenience caused by the block. Reaching an award for distress and inconvenience is seldom straightforward. The issues involved are subjective by their very nature and the impact on the consumer can be difficult to determine. Our awards are not intended to be punitive for businesses and their fundamental aim is to recognise the impact on a consumer where there have been shortcomings. Having considered the timeline of events, I think the compensation offer of £18 for the calls is fair.

I say this because the detriment caused to Mr D was over a relatively short period of time. Mr D was informed of the reason for the block, and he was provided with a timeframe. I don't underestimate the block would've caused Mr D a degree of worry and inconvenience – and delayed the plans he said he had to visit a relative. But as explained above, I consider the account block to be appropriate in the circumstances. Mr D was also able to transact on the account up to £100, which in my view limited the detrimental impact the block had on him. The £18 paid by Halifax recognises the length of time Mr D spent on the phone and I consider this amount to be fair and in keeping with this service's approach to fair compensation. I don't find Halifax's actions warrant further compensation as the evidence available shows it acted reasonably in the circumstances.

I'm sorry this isn't the outcome Mr D hoped for. I do hope my final decision provides some assurance that his concerns have been properly considered and sets out why I won't be asking Halifax to take further steps to compensate Mr D.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 6 June 2025.

Chandni Green
Ombudsman