

## **The complaint**

Mr J complains Bank of Scotland plc trading as Halifax unfairly blocked his account.

## **What happened**

Mr J held a Halifax current account and on 12 November 2024 Halifax applied blocks to this account, preventing Mr J from utilising it for all transactions.

Mr J raised a complaint about the restriction of his account, explaining the lack of access was having a significant and detrimental impact on him. Mr J explained the restriction of his account caused him hardship and distress and was impacting his university studies. Mr J also referred to the overdraft charges he was incurring as he was unable to transact on the account.

Halifax reviewed Mr J's concerns and issued a final response letter on 18 November 2024. It explained that the blocks were placed due to legal and regulatory obligations and that it couldn't provide further details. Halifax also confirmed it placed a temporary stop on overdraft charges whilst the account was blocked. Following Halifax's review of the account the blocks were removed on 19 December 2024.

Mr J remained unhappy and referred his complaint to our service. An Investigator reviewed his concerns and initially upheld Mr J's complaint. This was because Halifax failed to provide adequate evidence to demonstrate the account blocks were fair. However, following this initial assessment Halifax provided further evidence and the Investigator issued revised findings.

In summary they explained:

- Halifax's regulatory obligations meant it was required to monitor and review customer accounts.
- Halifax didn't need to give Mr J notice of this review or the reasons why it was carrying out a review.
- Halifax didn't cause any undue delays when it reviewed the account.

Mr J remained unhappy and maintained Halifax had acted unfairly. In particular Mr J explained the block caused him a lot of distress as he was unable to buy food and no customer support was provided. As no agreement could be reached the complaint 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.

I appreciate Mr J was disappointed by the Investigator's opinion. I'd like to reassure Mr J 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.

As a UK financial business, Halifax is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's also required to carry out ongoing monitoring of an existing business relationship. This includes establishing the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. That sometimes means Halifax needs to restrict, or in some cases go as far as closing, customers' accounts.

Halifax has explained and given me information to show why it reviewed and blocked Mr J's account. Having carefully considered this, I'm satisfied Halifax took these actions in line with the obligations it must adhere to.

I know Mr J would like a detailed explanation as to why Halifax took these actions. But Halifax isn't under any obligation to provide this. I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from regulated businesses' as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Halifax has provided is information we consider should be kept confidential. After carefully reviewing this evidence, I'm satisfied Halifax acted fairly in reviewing Mr J's account.

Mr J says Halifax's decision to block his account caused him significant distress and inconvenience and he has provided information to demonstrate the extent of the impact the block has had. I do appreciate this matter would've caused him some difficulty, as Mr J appears to have used his Halifax account regularly. But having looked at what's happened in this particular case, I'm satisfied Halifax has taken the appropriate steps to fulfil its regulatory duties.

Mr J says he received letters regarding his overdraft and fees that were being applied to his account whilst the account was under review. I appreciate these would've added to what was already a worrying time for Mr J. Halifax agreed in its final response letter to suspend all charges whilst it conducted its review. I consider this to be a fair resolution, and it ensured Mr J didn't incur extra charges.

I understand the lack of timeframe for the review added to Mr J's frustration, but there is no set timeframe in place for reviews of this nature. The impact of an account restriction can be significant, so this service would expect Halifax to carry out the review in a timely manner. Based on the timeline of events provided by Halifax, it took around four weeks for the review to be completed. I've considered the details provided by Halifax of its internal review and I can't see that it caused any avoidable delays, or that it took an excessive amount of time to complete its checks.

I know this will not be the outcome Mr J was hoping for, but I am satisfied Halifax acted reasonably in taking action to discharge its regulatory obligation. I know Mr J will be disappointed with the decision I've reached, but I hope it provides some clarity around why I won't be asking Halifax to take any further action or compensate Mr J.

### **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 J to accept or reject my decision before 8 April 2025.

Chandni Green  
**Ombudsman**