

The complaint

Ms R has complained that Bank of Scotland plc (trading as Halifax) held her liable for a transaction which she says she didn't make or otherwise authorise.

What happened

Both sides are most familiar with the case, so I'll summarise things in brief.

In summer 2024, a £500 transaction was made on Ms R's account, which looked like it had been made using her card and PIN. Shortly after, Ms R made a genuine payment using her card at a nearby location. The next day, Ms R checked her online banking and reported the £500 transaction as unauthorised.

Halifax held Ms R liable for the payment in dispute, finding that based on the evidence at hand it seemed most likely it was authorised.

Our Investigator looked into things independently and didn't uphold the complaint. Ms R appealed, so the complaint was passed to me. I looked into the matter further and made further enquiries with Halifax. Halifax agreed to settle the case. Ms R rejected Halifax's offer and asked for a final decision.

I sent Ms R and Halifax a provisional decision on 14 April 2025, to explain why I thought the complaint should be upheld. In that decision, I said:

I should first clarify that we're a dispute resolution service, here to assess individual cases between financial businesses and their customers. We're not the regulator – that's the Financial Conduct Authority (FCA). So we don't set businesses' processes, nor assess how good their systems are overall, nor direct what the industry communicates. We're also not the police, so we're not here to find the alleged culprit or take action against them. So while I understand that Ms R might like me to look into things like who the alleged culprit was or what'll happen to them, or to assess or change Halifax's systems, or to direct a wider communication about fraud, that's not what I'm here for. I'm here to look at the individual case between Ms R and Halifax, about this individual situation.

Similarly, we're not a court – we're an alternative to the courts, which is free for consumers to use, here to resolve things more quickly and informally. So while I've read and taken into account everything both sides have provided, I won't necessarily address every single point – I'll focus on what I find to be the key points. I also may not go into the detail Ms R might like about the relevant security systems, given that in order to keep such systems secure we cannot divulge how they work to the public.

The final clarification I must make is that in this decision, I'm only considering the case Ms R brought to us about the £500 disputed transaction. Ms R has now said she's also unhappy Halifax have declined an overdraft limit increase. But that's a separate issue to the disputed transaction, which Halifax have not yet had the opportunity to look into and address in a final response to a complaint. So if Ms R wants that overdraft limit issue to be looked at, she'll first need to raise it with Halifax as a separate complaint to this one.

I'll now turn to the matter at hand. Both sides now accept that the transaction in question was most likely unauthorised. I'm grateful to Ms R for her efforts in gathering her evidence, and to Halifax for reconsidering the matter and offering to resolve it.

This appears to be an unfortunate situation arising from an exceptionally rare circumstance. I'm unable to give the detail Ms R might like, for security reasons. But the end result is that based on certain technical data, it looked like Ms R's real card and PIN had been used to make the disputed transaction. Her card and PIN were then used for her genuine payment just minutes later in the same area. And based on what Ms R said, there was no likely way someone had learned her PIN without her consent. So based on that evidence, I find it was understandable why Halifax – and then our Investigator – concluded it was most likely the payment was authorised.

To clarify, the machine where the transaction was made does exist – it's just on the corner of the road, which is why Ms R might have thought it was actually on another road. I've also found no evidence of an "inside job" as she's suggested.

So I don't think Halifax acted especially unreasonably in turning down Ms R's claim at first. And I'm glad that, after our further enquiries, they've agreed to settle the matter. But it now seems likely that Ms R's claim should've gone through, so I'll turn to putting that right.

Let's first consider her financial loss. There's the £500 itself, which Halifax have agreed to refund. The loss of the £500 also seems to have led to some small overdraft fees, which Halifax have also agreed to refund. That's all fair.

Ms R also says she would've put the £500 in a certain savings account and earned lots of interest. And she may well have done – but there were a vast number of other things she could've done with the money, too. It would be too speculative for me to say she definitely would've put all of it in that particular account and fulfilled the particular terms to earn a particular bonus. Instead, when a business has deprived a customer of the use of their money, we usually tell them to add simple interest onto that money, at the rate of 8% simple per year. This is the same thing that the courts do in situations like this. Since it seems Ms R was unfairly deprived of the use of that £500, and we can't know exactly what she would've done with that money, I think it's reasonable to use this simple interest method. It's there to compensate her for the time she was without her money and had money worries.

I'll then turn to the non-financial losses. Ms R says she was made to feel like a liar and a criminal. While I certainly understand it's frustrating to have a claim turned down, this was not a criminal case and I can't see that Halifax treated it like one. They didn't say that Ms R was a liar, nor accuse her of a crime, nor report her to any authorities. Halifax simply assessed her claim and found that, based on the evidence they saw, it seemed more likely than not that the payment was authorised and didn't need to be refunded. That's what they were supposed to assess when she made the claim. They are allowed to turn down claims when the evidence is not in the customer's favour, and as I said above I can see why they thought this one should be turned down at first. I can see that they explained this in reasonable terms and directed Ms R to parties who might be able to help. I have not found that Halifax said anything inappropriate here.

I do see that Ms R felt stressed about being defrauded, and that it added to an already very stressful time, for which she has my sympathy. I'm grateful to Ms R for being open and candid with us about her situation and how she's felt.

It's worth keeping in mind that it's the fraudsters who committed the fraud, and so it's the fraudsters who are primarily responsible for the fraud and the resulting stress. But in this complaint against Halifax, I can only look at what Halifax are responsible for. That's a key point here, because even if Halifax had accepted the claim the first time, it would still be distressing to be targeted by criminals, Ms R's account would need to be blocked for a time while they looked into it, her card would need replacing, she would've needed to spend time talking to Halifax and potentially other organisations like Action Fraud, and so on. And I need to keep in mind that Ms R's claim was turned down more due to its unique circumstances than due to an outright failure on Halifax's part.

However, I do think that Halifax caused Ms R some acute stress, which went beyond the levels of frustration and annoyance one might expect from day-to-day life, and which required a reasonable effort on Ms R's part to sort out. For non-financial losses like that, we often tell businesses to pay compensation, to acknowledge their mistakes and the impact of them. In terms of the amounts, it's worth keeping in mind that we're not the regulator, so we're not here to issue fines or to punish businesses. Taking into account the impact Halifax's error had on Ms R, along with the guidelines for compensation which I must be consistent with, I currently find that the £100 offered is fair to put that right.

I said I'd consider anything else anyone wanted to give me – so long as I received it by 28 April 2025. Halifax didn't add anything further. I'll talk about Ms R's reply below.

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.

Ms R said Halifax should've realised she was not prepared to drop the matter, and accepted fault earlier. But until recently, the balance of evidence appeared to show Halifax that the disputed payment was authorised, which would've meant a refund was not due. Banks don't have to give refunds they don't think are due just because a customer is insistent. I do see where she's coming from, but this is a really rather unique case.

Ms R felt Halifax should've got the CCTV footage themselves. Again, I see her thinking, but they were not required or expected to do so. And in these sorts of cases, such footage is typically not relevant. For example, there are cases where customers give their card and PIN to someone they trust, send them off to make payments on their behalf, then try to claim the payments back on the basis that it's not the customer in the camera footage; or cases where a fraudster only had the card and PIN through gross negligence on the customer's behalf, and so on. So even if it's not the customer in the camera footage, it doesn't remove the possibility that the person using their card had their permission, or that the customer failed to keep their account safe, and so on. Again, this is a rather unique and unusual case, where the footage happened to help. And Halifax were not provided with said footage until our service gave it to them.

Ms R felt it was suspicious that her statement showed the ATM's location rather than a bank or building society. But that's normal, especially for Link cash machines. She'll find that other genuine withdrawals may display similarly on her statements.

Ms R referred to an editorialised article she'd previously mentioned, about someone who claimed to have found potential flaws in point-of-sale card terminals under laboratory conditions. Ms R felt Halifax should've considered that here. While I completely understand why Ms R might've thought this was relevant, this disputed payment was not made using a point-of-sale card terminal, and worked differently. The type of theoretical fraud she's referring to was not relevant in her case.

Ms R said her hourly rate would come to more than £100. That may be, but our awards of compensation for non-financial loss are not based on people's salary or professional rates. Halifax were not Ms R's customer and she wasn't providing a professional service to them – this was a personal matter of hers. And if we based personal compensation on professional rates, it might suggest that one person's personal time is intrinsically worth more or less than another's, which is not likely to be fair or to reflect the real impact of the error on the complainant. And again, I must keep in mind that it was the fraudsters who committed the fraud and who are primarily responsible for the resulting stress; and that even if Halifax had accepted the claim the first time, Ms R would've still faced the stress of being defrauded and would've still needed to spend time dealing with the matter.

Ms R pointed out she could've run up further costs had she used her overdraft more or hired a solicitor. Again, that may be, but we only award compensation for things which actually happened. We don't award compensation for things which could've happened, but did not happen. Halifax have already agreed to refund the overdraft charges which the transaction actually caused, which is fair. And I'll also point out that we're a free service who work in plain English, tell both sides what we think they should provide, and don't require any legal representative. As Ms R can see, she was able to use our service without any legal representation. As such, we don't normally award legal costs anyway.

Ms R pointed out she'd earned a particular savings bonus once before. While I do think that's relevant, and I had previously gone through her statements, it's not sufficient to say she would've earned an exact bonus in the future but for the disputed payment. In order to say that, I'd have to conclude that she definitely would've put the money from the disputed withdrawal into that account over time in the proper way, despite all the other ways she could've spent it, *and* that she would definitely continue to make the necessary payments from now into the future using additional money (rather than e.g. covering those payments using the money we're now awarding her), *and* that she would definitely not do anything to mitigate her bonus in future (e.g. making withdrawals) or run into any other circumstances which affect her eligibility. That is far too speculative. It makes more sense for me to use simple interest, which is the same mechanism the courts use in situations like this.

Ms R reiterated her feelings that the Halifax staff had carried out an inside job. This type of fraud did not require any staff involvement, the fact that her account was not cleaned out does not support any staff involvement, it is common for fraudsters to target everyday people, and again: I have found absolutely no evidence which shows, substantiates, or reasonably suggests that any bank staff were involved in any fraud here. It is notable that while Ms R has complained of being treated like a criminal, it is Ms R who has suggested the criminality of Halifax's staff, rather than the other way around. Halifax were clear that they were just assessing whether Ms R was due a refund or not based on the evidence at hand, which is what she'd effectively asked them to do when she made the claim.

Finally, Ms R reiterated that she felt Halifax's systems were deficient and she wanted that tackled. While I do appreciate she must've found it distressing to be defrauded, we're not the regulator and we don't set or change businesses' systems. I'm just here to decide her individual case about this individual situation.

Other than that, neither side sent me any new evidence or arguments. So having reconsidered the case, I've come to the same conclusion as before, and for the same reasons as set out in my provisional decision above.

Putting things right

I direct Bank of Scotland plc (trading as Halifax) to:

- refund the £500 disputed transaction;
- pay simple interest to Ms R on that transaction, at the rate of 8% simple a year, payable from the date it was last debited until the date it's returned. This is to compensate Ms R for the time she didn't have her money.

If Halifax considers that they're required by HM Revenue & Customs (HMRC) to deduct tax from that simple interest, they should tell Ms R how much tax they've taken off. They should also give Ms R a tax deduction certificate if she asks for one. Ms R may be able to reclaim the tax from HMRC if she doesn't normally pay tax.

- refund the overdraft interest or charges that Ms R incurred because of the disputed transaction;
- pay Ms R £100 compensation for the trouble and upset they caused.

My final decision

I find that Bank of Scotland plc (trading as Halifax) have made a fair offer to resolve this complaint, and I direct them to pay it per the above.

This final decision marks the end of our service's consideration of the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 28 May 2025.

Adam Charles
Ombudsman