

The complaint

Mrs A complained that Bank of Scotland plc trading as Halifax ('Halifax') should pay her more compensation than offered in connection with admitted poor service after it restricted her account.

What happened

In September 2024, Halifax blocked payments Mrs A was attempting to make to an online marketplace. When Mrs A contacted Halifax and confirmed the payments were genuine, Halifax unblocked her account – but mistakenly left the online card block in place. This resulted in Mrs A having further card transactions declined over the next few days.

When Mrs A complained, Halifax agreed that it had provided poor service to Mrs A and paid her £150 compensation.

Mrs A didn't feel this was a satisfactory response and so she brought her complaint to us. This prompted Halifax to review Mrs A's complaint and resulted in Halifax offering to pay Mrs A a further £100 bringing total compensation for distress and inconvenience caused to £250.

Our investigator thought that Halifax's revised offer was fair to resolve Mrs A's complaint. Mrs A disagreed and asked for an ombudsman to review her complaint, so it came to me to decide. She mainly felt that Halifax had failed to treat her with due care or show empathy and understanding of the difficulties she faced in view of her debilitating health conditions. She feels much more substantial compensation would be fair in her circumstances.

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.

This includes listening to the call recordings provided.

I can understand why what's happened has been upsetting and frustrating for Mrs A. But having thought about everything, I've independently reached the same overall conclusions as our investigator. I'll explain my reasons.

Halifax upheld Mrs A's three key complaints and accepted that:

- it failed to remove all the blocks on her account when it should have done this on 29 September.
- It showed a lack of empathy to Mrs A, given that Halifax was already aware (and had recorded information that call handlers could have seen) about some of her vulnerabilities and the challenges this presented for her.
- Its initial compensation payment wasn't enough to adequately reflect the impact this situation had on Mrs A.

As Halifax upheld the complaint, and the parties are broadly agreed on what happened, I don't need to say much more about the background circumstances giving rise to Mrs A's complaint. I will concentrate on the question of fair redress, which is the main reason Mrs A has requested an ombudsman referral.

Our approach to redress is to aim to look at what's fair and reasonable in all the particular circumstances. So my starting point is to think about the impact on Mrs A of what happened.

Halifax's failure to remove the account blocks when it should have done

Banks have an obligation to take steps to keep customers' accounts safe and prevent fraudulent transactions. Sometimes this can mean the bank identifies and blocks legitimate payments that a customer wants to make. Understandably, this can cause distress and inconvenience to a customer – but it doesn't necessarily mean the bank has acted incorrectly or unfairly. Checks undertaken as part of Halifax's security process are designed in the interests of customers to help keep their money safe and prevent fraudulent activity on their accounts. So I don't think Halifax acted unfairly or unreasonably when its anti-fraud system blocked payments Mrs A wanted to make on 27 and 28 September.

I appreciate that Mrs A thought that Halifax should simply have sent a text message asking her to verify that the transactions she was attempting were genuine – which she could have responded to. But Halifax explained that a higher level of verification was required on this occasion. So I can't fairly say that Halifax did anything wrong when it didn't use Mrs A's preferred authorisation process.

When Mrs A first spoke to the fraud team on 29 September, it was agreed that the account blocks would be removed. Halifax has acknowledged however that this conversation wasn't adequately noted down which led to Halifax failing to action the matter as agreed. This poor service led to Mrs A having further transactions declined, which was clearly inconvenient and distressing for her. And it meant she had to spend more time on the phone to Halifax trying to sort things out – which wasn't always easy for her to do.

Halifax's admitted lack of empathy and understanding for Mrs A's situation.

Mrs A had previously made Halifax aware that she had some serious long-term health issues that meant she had additional support needs. So I can understand why, after she was unable to upload her ID documents via a link it sent her, Mrs A felt Halifax lacked empathy when she was told on 28 September that her card would be blocked until she visited a branch with photographic identification.

As this was difficult for Mrs A to do, I don't think it was unreasonable that Halifax offered her the option of uploading photo ID again the next day when she called – I'd expect Halifax to explore all options with customers. And I think the call handler on 29 September was sympathetic and showed awareness of the particular difficulties this presented for Mrs A and understanding when she was evidently struggling and having to make repeated (but unsuccessful) attempts to send Halifax a photo. Halifax then proposed a different verification process that was more suitable for Mrs A but still adequate for Halifax's purposes. This was successfully completed and Mrs A seemed happy with this resolution.

Fair compensation

I can understand that sharing information about her health conditions was an uncomfortable experience for Mrs A. But although Halifax had some awareness of her situation dating back several years, it wasn't until Mrs A spoke with Halifax about this matter that she made clear the full extent of her ongoing health issues and mobility problems. Nonetheless, what happened caused Mrs A significant distress and inconvenience as described above.

As well as being frustrated by having to make repeated phone calls to Halifax, she was also put to additional trouble and upset having to cancel her original online orders and re-ordering the goods (as she didn't want to risk all her attempted transactions being put through). This inevitably added to the overall aggravation this matter caused.

Halifax should pay fair compensation to reflect the impact on Mrs A of these shortcomings in the service it provided.

I haven't been provided with anything to show that Mrs A is out of pocket as a result of any poor service on the part of Halifax. But fair compensation needs to properly reflect the wider impact on Mrs A of Halifax's service failings, as described above.

The £250 total payment Halifax has offered by way of apology seems fair to me in all the circumstances. I haven't seen or heard enough to make me think it would be fair to require Halifax to do more here. I am satisfied this amount matches the level of award I would make in these circumstances had it not already been proposed. It is in line with the amount this service would award in similar cases, and it is fair compensation for Mrs A in her particular situation.

Putting things right

Halifax should pay Mrs A £250 total compensation, as it has already offered to do, to reflect the impact on her of its admitted poor service. This means that (if it hasn't done so yet) Halifax is required to pay a further sum of £100 to Mrs A on top of the £150 payment it previously made to her account.

If I have not referred to everything mentioned during the course of the correspondence, that's because I have nothing useful to add to what the investigator has said already and I've concentrated on what seemed to me to be the core issues I needed to address when deciding the complaint. This reflects the fact that we provide an informal complaint handling service as a free alternative to the courts and I hope that setting things out as I've done is helpful.

My final decision

My final decision is that I uphold this complaint and direct Bank of Scotland plc trading as Halifax to take the steps set out to put things right for Mrs A.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 9 June 2025.

Susan Webb
Ombudsman