

The complaint

Mr K complains Bank of Scotland plc trading as Halifax blocked a payment towards a legitimate investment causing him unnecessary distress, inconvenience and embarrassment. He's also unhappy how long it took for Halifax to reply to his complaint.

What happened

Mr K has a savings account with Halifax. He has an account with another business who I'll refer to as "N" throughout the rest of this decision.

Mr K says Halifax blocked a payment he attempted to make towards a legitimate investment on 14 November 2024. He says he was told he'd have to come into branch and provide ID. He says that Halifax continued to block the payment – despite the branch being satisfied by his explanations – and that Halifax blocked his online banking too. He complained to Halifax saying he spent six hours trying to make the payment he wanted to make and that the investment ended up being delayed by a day.

Halifax looked into Mr K's complaint and agreed that his online banking shouldn't have been blocked in the first place and that this should have been checked before he left branch. In other words, Halifax accepted it had made a mistake blocking his online banking. Halifax offered and paid £125 in compensation for the distress and inconvenience that this had caused. It didn't, however, agree that it had done anything wrong blocking the payment he wanted to make towards the investment as it was concerned that the payment might be part of a scam. Halifax issued its final response on 13 February 2025.

Mr K was unhappy with Halifax's final response and unhappy that it had taken three months to respond. So, he complained to our service. He said that he'd ended up paying the money towards the investment from his account with N and that N had taken three minutes to process the payment. He said this highlighted inefficiency and poor handling by Halifax.

One of our investigators looked into Mr K's complaint but didn't recommend that it be upheld. Mr K didn't agree with our investigator's recommendation saying that they'd not understood two fundamental points in relation to their complaint – namely that they'd misunderstood the nature of the business he'd been dealing with and that they'd ignored context which showed that the investment he wanted to make wasn't a scam. So, he asked for his complaint to be referred to an ombudsman for decision. His complaint was, as a result, passed to me.

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.

Mr K has told us that he understands banks have a duty to prevent fraud. That's right – they do. He's also told us that he doesn't think Halifax acted fairly or reasonably in this case because it continued to block his transaction even though he'd proven his identity and the legitimacy of the investment he wanted to make. He says he'd explained at branch that:

- a) he approached the individual he was speaking to about investing – not the other way round – which isn't the way investment scams normally unfold;
- b) he'd known the individual in question for years and knew them personally;
- c) the individual's business was registered on Companies House and was a small, local business – one he'd visited on plenty of occasions;
- d) he'd done his own due diligence;
- e) he checked the bank details – which he received by email – by phoning a number he already had for the individual he was speaking to; and
- f) confirmation of payee checks showed the bank details matched.

He says this all shows the investment was a legitimate one – and that the branch agreed when he explained all of this. He's sent us an email he received from the business and text messages which he says shows he initiated contact and a normal, ongoing conversation consistent with someone he'd known for years. He says he showed these at branch too.

I accept that Mr K spent two and a half hours in branch proving his identity and explaining why the investment he wanted to make was a legitimate one. I'm satisfied that during that time he was shown videos about investment scams and asked questions. I also accept the points that Mr K makes about this investment, and how it differs in a number of ways to a typical investment scam. But I can see Halifax's perspective too – and I'm satisfied that it had a number of genuine concerns about the investment and the payment Mr K wanted to make. That's because there were a number of red flags. In the circumstances, I agree with our investigator that Halifax didn't act unfairly or unreasonably when it blocked the payment Mr K wanted to make.

Halifax has already accepted that it shouldn't have blocked Mr K's online banking and has already accepted that this should have been picked up before he left branch. I think that was the right thing to do. Halifax offered and paid £125 in compensation. I can see that Mr K spent six hours trying to make the payment he wanted to make – including two and a half hours in branch and another two hours on the phone speaking to the fraud time. I also accept that this delayed him investing by a day. However, as the only error Halifax made was blocking Mr K's online banking and not checking this before he left branch, which Mr K has described as a "side issue" and not the "main reason" for his complaint, it wouldn't be fair to require Halifax to compensate Mr K for the distress, inconvenience and embarrassment associated with spending six hours trying to make the payment he wanted to make or the embarrassment over the delay. Taking all of that into account, I agree that the amount Halifax offered and paid – given that Halifax's only error was blocking Mr K's online banking – fairly reflects the impact on Mr K of Halifax wrongly blocking his online banking rather than the payment itself. Because of that, I agree it doesn't need to do more.

My final decision

My final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 5 September 2025.

Nicolas Atkinson
Ombudsman