

The complaint

Mr A is unhappy that Bank of Scotland plc, trading as Halifax, blocked a recurring card payment on his account.

What happened

Mr A had a recurring card payment set up on his account, with the amount of the payment being around £5 every month. The recurring card payment had been in place on Mr A's account for many months, but one month the payment didn't go through. The reason for this was because Halifax had flagged the payment as being potentially fraudulent and had restricted Mr A's account. Halifax then sent a text message to Mr A, asking him whether the payment was genuine.

Mr A, who has a disability that makes dealing with such matter difficult for him, was concerned that the text message might be some form of scam. But Mr A did later confirm to Halifax that the payment was genuine, at which point Halifax removed the restrictions they had placed on Mr A's account. Mr A wasn't happy about what had happened as he'd found the experience very stressful. So, he raised a complaint.

Halifax responded to Mr A but didn't feel they'd done anything wrong by being concerned about the payment or by restricting Mr A's account because of those concerns. Mr A didn't agree, and so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Halifax had acted unfairly towards Mr A and so didn't uphold the complaint. Mr A remained dissatisfied, so the matter was escalated to 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 issued a provisional decision on this complaint on 22 August 2025 as follows:

Halifax have explained that while Mr A's recurring card payment amount was usually around £5, with some small variation, the payment in question was around £5.50. And Halifax have indicated that this larger variation in the payment amount may have been a contributing factor as to why the payment was flagged for further checks by Halifax's automated fraud prevention systems.

Fraud prevention systems are used by all financial institutions to flag account activity that may be of concern and to prevent further usage of an account where it's felt that there is a possibility that fraud may be potentially occurring. Indeed, it must be noted that financial institutions such as Halifax have an obligation to employ such systems in order to comply with banking regulations which require banks to have systems in place to protect their customers' accounts, as much as possible, from acts of attempted fraud.

However, while this service acknowledges the above, there can still be instances where an automated fraud prevention system may act over-zealously and unreasonably, to the detriment of the account holder. And I feel that this is what happened in this instance.

In their submissions to this service, Halifax provided an except from their terms and conditions that details under what circumstances they may reasonably block an attempted payment. The terms and conditions provide a list of scenarios, listed 'a' through 'o'. But having reviewed that list, I don't feel that any of the scenarios apply in this instance.

It must be remembered that the payment in question here was a recurring card payment and was thus a repeating payment that Halifax had allowed to process for many months previously. And I don't feel that an increase in the payment amount, from around £5.00 to around £5.50, can reasonably be considered to have made the payment a risk to the degree that Halifax contend here.

In short, I don't feel that Halifax's blocking of the payment was reasonable. Halifax may argue that it was an unfortunate consequence of the need for them to be vigilant when it comes to acts of potential fraud. I'm not unsympathetic to Halifax in this regard, and I appreciate that developing a monitoring system that treads the fine line that's required here is difficult. But I feel that, in this instance, Halifax's systems have been clearly over-zealous, and have operated in a manner that unreasonably far from that fine line, with unfair results.

Furthermore, the impact of what's happened here has been exacerbated because of Mr A's disability, which meant that he was impacted more by being contacted by Halifax about the payment, and by having to acknowledge the payment to Halifax.

All of which means that I'll be provisionally upholding this complaint in Mr A's favour, because I feel that the payment should never have been blocked and that Mr A should never have been subject to the process that followed. I'll also be provisionally instructing Halifax to pay £100 to Mr A as compensation for the anxiety, inconvenience, and concern that he's incurred here, which as explained, was unfortunately heightened because of his disability.

Both Mr A and Halifax responded to my provisional decision and confirmed that they were in acceptance of it. As such, I see no reason not to issue a final decision here whereby I uphold this complaint in Mr A's favour on the basis described above. And I therefore confirm that my final decision is that I do uphold this complaint on that basis accordingly.

Putting things right

Halifax must pay £100 to Mr A.

My final decision

My final decision is that I uphold this complaint against Bank of Scotland plc, trading as Halifax, on the basis described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 26 September 2025.

Paul Cooper
Ombudsman