

complaint

Mr W complains that Bank of Scotland plc (trading as Halifax) wrongly held him liable for an account opened through identity theft.

background

Halifax pursued Mr W for the debt on an account that had been opened in his name in January 2015. It instructed collections agents to contact Mr W about the debt.

Mr W repeatedly confirmed that he had not opened the account and provided information about his previous address. He says that Halifax and its agents did not respond reasonably and continued to pursue him, threatening him with credit file registration of the debt.

Mr W says that he has had to spend a lot of time dealing with Halifax about this account and that the unpaid debt it wrongly said he owed was embarrassing, given his professional position. He seeks compensation from Halifax of £9,000, calculated by reference to his professional hourly rate.

Shortly after Mr W contacted this service, Halifax wrote to him accepting that the account had been opened through identity theft and offering him its apology. It confirmed that all data about the account was being removed from Mr W's credit file and sent him a cheque for £150. It also said it had registered the identity theft with an industry fraud prevention database, to help protect Mr W going forward.

Mr W did not consider that this went far enough to settle things fairly, given the length of time he had been telling Halifax that this was not his account and the adverse entries Halifax had made on his credit file. He said that he had been refused credit to buy kitchen appliances and other items, which meant he had to spend capital that could have been put to better use in other ways. He had felt obliged to disclose the problem to his partners and his professional body, which he explained was very embarrassing for him.

One of our adjudicators investigated the complaint. The adjudicator could not see why it had taken Halifax so long to acknowledge that Mr W had not opened the account, and accepted that Mr W had been put to substantial inconvenience and embarrassment by what happened. His credit file had also been affected, with the Halifax account the only adverse entry on it. Overall, the adjudicator recommended that Halifax should pay Mr W compensation of £1,000.

Halifax wasn't prepared to pay £1,000, but said it would increase its existing offer to £750. Mr W was not willing to accept that, and said Halifax had still not satisfied him that it had properly applied the money laundering regulations when it opened the account. He said that he stood by his original compensation claim of £9,000.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Looking at what happened here, I agree with the adjudicator that there appears to be no good reason why Halifax should not have realised at a much earlier stage that this was identity theft and that Mr W did not owe it money. The collections agents it employed made numerous contacts with Mr W and obliged him to keep repeating information for around six months – which seemed to make no difference.

I accept that Mr W was caused worry, frustration and embarrassment by this. I also accept that he had to spend time dealing with these communications, though I am not persuaded that it would be appropriate to calculate his compensation by reference to the hourly rate he charges his clients when acting in his profession. Whilst Halifax is now removing all data about the account from Mr W's credit file, he has been refused credit during the time the account was registered.

Taking everything into account, I consider that the £1,000 recommended by the adjudicator represents a fair amount of compensation in this case.

I realise that Mr W remains very concerned about how the identity theft was carried out, and would ideally like to see and understand how the account came to be opened. I can appreciate his disquiet, but I do not consider that I am in a position to make Halifax show him how the fraud was possible.

my final decision

My final decision is that I uphold this complaint and I direct Bank of Scotland plc (trading as Halifax) to pay Mr W £1,000.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 27 June 2016.

Jane Hingston
ombudsman