

## **complaint**

Mr C complains that Bank of Scotland plc, trading as Halifax, changed his address without his knowledge or consent, which allowed his account to be used for transactions that he says he didn't make or authorise. He is concerned because Halifax has added details to the Credit Industry Fraud Avoidance System (CIFAS).

## **background**

Mr C opened an account with Halifax in 2013. In early 2014 he says that Halifax permitted a third party to change his address without carrying out proper security checks and this allowed the account to be used to launder stolen money. He is now finding it difficult to open another account and his financial record has been damaged. He would like Halifax to remove the information it has recorded with CIFAS and compensate him for the upset and inconvenience he has been caused.

The adjudicator didn't think this complaint should be upheld. He said, in summary, that the change of Mr C's address alone didn't allow his account to be used for fraudulent activity. If Mr C hadn't carried out or authorised the transactions then whoever did had full knowledge of Mr C's online log on details, together with his actual debit card and PIN.

Mr C's representative responded to say that Halifax didn't request any identification before it changed Mr C's address details. Its failure to carry out basic checks meant that Mr C's account was used for fraud and blacklisted. Mr C wants his details removed from CIFAS and Halifax to pay his legal fees and compensation.

## **my findings**

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

Mr C opened his account with Halifax in the middle of 2013. He then opened a savings account online in March 2014, just four days before his address details were changed. On the same day almost £6,000 was paid into Mr C's online savings account and then transferred into his current account.

### *online saver account*

Mr C needed to use his online security details to log in to open a savings account online. When he did this, his current account was overdrawn and he says that the only credits into the account were transferred in from his parent. The savings account was used only to receive a fraudulent credit four days later. Mr C hasn't reported his online banking details as compromised or said that he didn't open the savings account. I'm satisfied the log on details to his account were entered correctly and I find it difficult to understand how someone could have accurately guessed these.

### *disputed transactions*

Where there is a dispute about what happened, I have based my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in the light of the evidence.

Mr C says that if Halifax hadn't allowed the change of address then the fraudulent activity couldn't have taken place. I don't agree. The money was paid directly into Mr C's saver account using a compromised debit card. The person who did this needed to know Mr C's account details, the sort code and account number (not his address). The amount was then transferred across to his current account using online banking. If Mr C didn't make the transfer to his current account, then whoever did had Mr C's online banking log on and security details. Yet he hadn't reported any compromise of his online banking security details.

The money was then taken from his account from cash machines and other transactions using Mr C's debit card. Mr C's card was sent to him at his correct address when he opened the account in 2013. Mr C has recently said that his card went missing but he doesn't know exactly when or where. And he says he didn't make the transactions himself. Whilst I accept that the card may have been lost or stolen without his knowledge, for me to accept that Mr C isn't liable in this case I need to be satisfied it was more likely than not that a third party stole his card having obtained his PIN.

Mr C's PIN was sent to him when he opened the account. He changed the PIN to one of his own choosing a couple of months later. He has said that he didn't keep a written record of it nor had he given it to anyone. So I don't consider that someone could have accurately guessed it. He also says that he last remembers using his card at least a week before the disputed transactions started. I find it difficult to believe that if someone had seen him enter his PIN that they would wait several days before taking and using his card.

Although Mr C says that he asked Halifax to close his account and told it he had lost his card, the bank doesn't have any record of this and, in any event, this was after the fraudulent activity had taken place. The bank had already blocked the card and decided to close the account.

I also find that another small fraudulent credit was made to Mr C's account before the change of address took place.

#### *change of address*

Mr C says that it was after his address was changed that the credit was received into his savings account. But it happened on the same day that his address was changed in a branch of Halifax. Halifax says that if someone can't be identified it wouldn't allow a change of address to proceed. It prefers that a customer uses their debit card to be able to change an address in person at one of its branches together with the PIN. If this wasn't available, then it would require two forms of identification before it would proceed.

Whilst Halifax isn't able to say what form of identification was given, as it hasn't kept records. If Mr C's debit card was used by an unknown third party then I've already found that there wasn't a point for his PIN to be compromised. Otherwise, whoever changed the address needed two forms of identification for verification. Mr C hasn't reported any of his personal information, such as passport or driving licence, as lost or stolen.

#### *account closure*

I'm satisfied that a bank is entitled to decide for itself whether or not to provide a bank account and can close an account if it considers it has been compromised. Halifax decided to close the account in 2014. But it accepts that it didn't do so when it said it would and the

account didn't close until late 2016. It has apologised for the oversight and paid Mr C £50 for its mistake. I consider this to be fair in all the circumstances.

*online activity*

Halifax has provided records to show that Mr C registered to use internet banking the same day he opened his current account in 2013. He last used it two months after the disputed activity took place on his account. So I think he would have seen the activity on his accounts when he did this. So if, as Mr C suggests, he wasn't aware of these transactions taking place, then I would have expected him to raise the matter with Halifax at that time.

*CIFAS*

I realise Mr C will be disappointed but, given Mr C's account had been used to receive fraudulent credits, I'm satisfied that Halifax was entitled to pass the details to CIFAS.

**my final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 25 August 2017.

Karen Wharton  
**ombudsman**