

The complaint

Mr H complains that Bank of Scotland plc (trading as Halifax) unfairly blocked his account and refused to follow his payment instructions.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr H has a personal current account with the Halifax. Mr H has explained that he uses the account to make investments in cryptocurrency. He's said that he had other accounts which he used to receive his wages and pay bills.

In late March 2022, Mr H attempted to make two debit card payments for £750 and £500 to purchase cryptocurrency to a business I will refer to as C. Both payments were stopped by Halifax for additional security checks.

On 1 April 2022, Mr H tried to make another online payment to C for £6,500 to purchase cryptocurrency. Again, Halifax blocked the payment for additional checks and sent Mr H a text message asking him to get in touch with the bank so that it could ask him about the transaction.

In response, Mr H rang Halifax. During call the Halifax told him that the payment he'd tried to make had been referred for security checks and following this that the bank had made the decision not to send the payment. Halifax asked Mr H to provide some information about the payment. But Mr H wasn't happy to give the bank much information and he said he didn't trust banks. He explained that he had been buying cryptocurrency using his own money as an investment for a few years. So, he said that there was nothing wrong with the payments he wanted to make. And Halifax shouldn't have stopped them.

Halifax weren't happy with the lack of information Mr H provided. They also asked Mr H for information about the source of funds in his account. So, kept the block on his account and told Mr H to visit a branch with some ID. The block prevented Mr H using his online banking and from making further payments to C. However, Mr H was still able to access funds in his account.

Mr H went to a branch with his ID. During the visit staff asked Mr H about where the money in his account originated. Mr H didn't provide much in the way of an explanation regarding the source of his funds other than telling the bank he wasn't involved in anything illegal. And that what he did with his own money was his business. So the block remained on his account.

Following this, Mr H complained to Halifax about the block on his account. In response Halifax said it hadn't done anything wrong when it had stopped the payments to C and had applied the blocks in line with the terms and conditions of the account. Halifax said that the blocks would be removed once Mr H complied with its request for information about where the money in his account had come from.

The blocks remained in place until January 2023, when Mr H went into a branch and provided the information Halifax had requested. Mr H told the bank that the money in his account had come from another account he had with a different bank and cash he'd deposited that he kept at home. Halifax reviewed the information and then lifted the block from Mr H's account.

Mr H complained to Halifax about the amount of time his account had been restricted. In response Halifax said it hadn't done anything wrong. So, Mr H brought his complaint to our service where one of our investigators looked into what had happened.

The investigator didn't uphold Mr H's complaint. She said that the bank hadn't done anything wrong when it had blocked the payments and Mr H's account. And said that they were complying with their legal and regulatory obligations.

Mr H disagreed. He said Halifax blocked his account because he wasn't willing to provide them with information about where the money in his account had come from. And that the bank hadn't told him that it had blocked the account because of the payments he wanted to make to C. He says if it had asked him for information about the payments, he would have considered providing this information to the bank. So, he said the bank had lied about why it blocked his account.

As no agreement could be reached the matter has come to me to decide.

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.

The crux of Mr H's complaint is that Halifax unfairly restricted his access to his account and asked him for information.

Halifax have legal and regulatory obligations to be alert to instances of fraud and scams. And to act in their customer's best interests. If they have good grounds to suspect that one of their customer's is in the process of being scammed or unwittingly allowing their accounts to be used for financial crime, they can refuse to process payments and restrict an account to protect them.

Halifax has said that it believed Mr H was the victim of a scam and that his account had been taken over by fraudsters. I can see that when Halifax initially spoke to Mr H about the payments he tried to make to C, he denied making them. So, I can understand the bank's concerns and why the bank wanted to ask Mr H questions about the payments.

I've looked at all the evidence Halifax has provided and what Mr H has said about how he was using his account. I've also kept in mind that Mr H refused to provide Halifax the information it requested. Given Mr H's reluctance to provide information and the activity on Mr H's account, I can understand why Halifax had concerns that Mr H's account was being used for financial crime. So, I don't think the decision to restrict Mr H's account was unreasonable in these circumstances.

I've looked at Halifax's account terms and conditions. They set out when Halifax can delay or refuse to act on a payment instruction. The terms state that Halifax will always follow an instruction unless one of a number of reasons apply and that they have a right to decline a faster payment instruction if they deem it necessary to conduct further checks. The terms also say customers can contact Halifax for an explanation as to why a payment was

declined. But also state that Halifax won't disclose the reason if there's a legal or security concern that prevents it from doing so.

The payments Mr H wanted to make were flagged by Halifax's fraud detection system for further security checks. Having looked at all the evidence, including the information Halifax has provided about its checks, and how Mr H reacted to its requests for more information, I don't think it was unreasonable for Halifax to have had concerns about the payments. Ultimately it is Halifax who decide what information they do or do not require as part of a review and they have a duty to protect their customer's money and understand where it came from in order to comply with its legal and regulatory obligations. I know Mr H feels Halifax lied to him about why it wanted the information – but as I've said above, they are not obliged to provide Mr H with an explanation why they wanted the information. In any event. I haven't seen any evidence that Halifax misled Mr H.

As a result of those fraud checks Halifax declined Mr H's payment instructions. Based on all the evidence, I don't think I can reasonably conclude Halifax were at fault for doing so. I'm also satisfied that they did so in line with the terms and conditions of Mr H's account. So, I can't say Halifax did anything wrong or treated Mr H unfairly when it declined to process the payments he wanted to make to C in March and April 2022. I believe the decisions Halifax took, were made in good faith and in an effort to protect Mr H against losing his money to a potential scam or using his account for an illegal purpose.

As well as questioning Mr H about the payments, Halifax also asked Mr H to provide information about the source of funds in his account. As the investigator has explained, Halifax must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. In order to comply with these obligations, they may need to review activity taking place on accounts and ask customers for information about the source of funds in accounts.

Mr H refused to provide the information to the bank, so Halifax continued to restrict Mr H's account. Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for Halifax to do so. I'm satisfied that in doing so Halifax were complying with its legal and regulatory obligations. So, whilst I accept, the bank's actions caused Mr H inconvenience when it continued to block his account, I can't say the bank treated him unfairly.

In reaching this conclusion, I've kept in mind that the restrictions on Mr H's account were in place over a long period – April 2022 until January 2023. And I accept that this caused Mr H inconvenience. But based on all the evidence and circumstances of this complaint I'm satisfied that this was because of Mr H's reluctance to comply with bank's request for information. And not because of anything Halifax did wrong. As soon as Mr H provided the information Halifax removed the block on his account. I've also kept in mind that Mr H had other accounts, and that the blocked account wasn't his main account – it was primarily used by Mr H to buy cryptocurrency investments. So, I think this will have minimised the block had on Mr H.

In summary, I realise Mr H will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I can't conclude that Halifax have treated Mr H unfairly. So, I won't be telling Halifax to do anything to resolve Mr H's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 7 March 2024.

Sharon Kerrison
Ombudsman