

The complaint

Mr J is unhappy with the way Bank of Scotland plc (trading as Halifax) treated him after it blocked his account.

What happened

The circumstances that led to this complaint are well known to both parties, so I won't repeat them in detail here. But, in summary:

- In February 2023 Mr J called the bank to report some fraudulent transactions from his account. Halifax had concerns about some of what Mr J was saying, so blocked his account and told him to go to branch to discuss the matter further. The branch staff invoked the Banking Protocol due to their concerns and the Police were called to discuss the matter with Mr J. Mr J is unhappy with how the matter was handled and that the bank refused to issue a replacement debit card since then, because he couldn't provide photo ID. This made it difficult for him to use his account in the normal way.
- In response to Mr J's complaint, Halifax said it had followed the correct processes and treated him fairly. It couldn't issue a new debit card due to some inconsistencies with Mr J's address and it required him to go to branch with photo ID. But the bank also paid £30 compensation into Mr J's account to recognise how it had made him feel.

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 didn't agree with the outcome the investigator reached and I've already been in touch with Halifax and Mr J to explain this. Halifax didn't accept my recommendation for it to pay £750 compensation to Mr J but I still believe this to be a fair and reasonable award in all of the circumstances of this complaint. I having reached this conclusion taking the following into account:

- Halifax refunded some of the payments that Mr J identified as being fraudulent. He didn't ask us to look into that matter specifically so I will provide no comment about the bank's actions in that respect.
- I appreciate, to an extent, why the bank thought it was appropriate to instruct Mr J to go to branch to discuss the fraudulent transactions. Some of the circumstances he described during the conversation didn't ring entirely true. But the bank didn't explore this with Mr J during the call or properly explain why it had concerns. I think the bank could – and probably should – have tried to do so during that first phone call rather than jumping to conclusions. The bank should be mindful of the inconvenience that will be caused whenever it insists a consumer must go to branch to sort out a problem rather than trying to resolve it by phone. But I can also see why the bank suspected that Mr J might have an underlying vulnerability which meant face-to-face support might be needed. And related to that, I also note that in a subsequent phone call Mr J took offence when the

call-handler asked – in a reasonable way, I think – if he needed additional support. And he might have reacted similarly during the earlier call if that call-handler had asked additional questions.

- The bank's notes about its reasons for invoking the Banking Protocol are very limited and don't help me to properly understand what went on or how the Police's intervention (and related conversations with Mr J) ties in with their decision not to unblock Mr J's account at that point. It's possible there are some vulnerabilities at play here, but I'm not persuaded Halifax has shown it has properly understood and accounted for these in the way it has treated Mr J.
- The bank originally said Mr J would need to provide photo ID before it would remove the account block, update his address and issue a new debit card. But it didn't block his online access to the account and, at times, allowed Mr J to withdraw money in branch despite the block. I've asked the bank to explain but it hasn't done so. So it's still not clear to me what risk the bank was trying to protect against by putting an indefinite, but partial, block on Mr J's account or how getting Mr J to prove his identity would resolve the bank's concerns.
- Mr J told the bank during the first call that the only ID he had was a birth certificate. He repeated in subsequent conversation that he didn't have photo ID. And the bank's website says that when photo ID isn't held, customers can prove their ID in other ways. Yet I've seen nothing which suggests those alternatives were presented to, or explored with, Mr J until October 2023. Nor did the bank explore the option of getting Mr J's replacement debit card delivered to branch rather than to a home address. It's also clear that Mr J was able to sufficiently prove his identity in order to withdraw cash in branch between mid-February and the end of April 2023. Between May and October 2023 he transferred money to a family member who then gave him cash.
- In late-October 2023 Mr J visited a branch and a member of staff was able to verify his identity *"using chip and pin and universal credit."* Mr J's address was updated, the fraud team was called and this resulted in the account block being lifted and a new debit card issued. I'm pleased to see that this member of staff thought carefully about Mr J's needs, his ability to prove his identity (including his lack of photo ID) and adapted the bank's processes in order to help Mr J overcome the obstacle that had been in place since February 2023. I have asked the bank about this but it remains unclear why any other members of staff were not able to assist Mr J in this way many months earlier.

With the above in mind, I think Mr J's access to his account and money were unreasonably restricted between February and October 2023 – eight months. He had to expend time and energy visiting the branch and/or a family member in order to get access to his money and I don't believe this should have been necessary.

I'm persuaded that Mr J was caused significant and unnecessary distress and inconvenience and I think £750 represents fair and reasonable compensation given the circumstances of this complaint.

My final decision

My final decision is that I uphold this complaint and instruct Bank of Scotland plc (trading as Halifax) to pay £750 compensation to Mr J.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 8 April 2024.

Ruth Hersey
Ombudsman