

The complaint

Mr W is unhappy with the security questions asked by Bank of Scotland plc (trading as “Halifax”) during calls on a particular day.

What happened

In July 2022 Mr W spoke to Halifax across several calls in one day. He was attempting to downgrade his accounts online, and successfully changed the account type himself on a couple of them. But he encountered an error meaning he wasn’t able to downgrade all the ones he wanted to.

Mr W was already in conversation with Halifax about blocked transfers, and when he asked about the problems he was experiencing in downgrading the accounts he was referred to a different number. That helpline had unfortunately closed by the time he’d called on that day.

When Mr W did manage to speak to the right team he says the bank asked too many security questions. In one particular call he tried to raise a complaint about the process, but the agent told him he could log his concerns via email or in branch – and eventually terminated the call. Mr W called back to complain about the service he’d received during the call ended by the agent, and Halifax offered compensation which was accepted by him.

Mr W didn’t, however, feel the bank had answered his complaint about the amount of checks it required – so he referred that matter to our service. Halifax says it considers the security questions asked by its agents were appropriate, and for Mr W’s protection. One of our investigators thought Halifax’s offer was enough to cover any mistakes. Mr W didn’t accept the investigator’s view, so he asked for an ombudsman to reconsider the matter.

Mr W was also frustrated that he was asked to ring a separate helpline to complete the downgrades, and thought Halifax could have been more helpful. That complaint is being considered under a separate reference with our service.

I reviewed everything and issued my provisional decision on the complaint. I’ve included an extract of those findings below:

“I haven’t focussed on the service aspect of the call which was ended by the agent in this decision. Mr W accepted the compensation Halifax offered by way of apology at the time, and I don’t consider I would have said any more was needed to resolve that issue. Instead I’ve looked primarily at whether the number of security questions asked by Halifax across the calls was reasonable. If I’ve misunderstood the crux of the complaint, and Mr W does want a more thorough review of the service given during the relevant call, then he can let me know as part of any comments he has in response to these provisional findings.

Each firm is entitled to set its own processes for keeping their customers’ accounts safe – and the regulator doesn’t enforce a particular approach. But a balance must be struck between the bank ensuring it is talking to the account holder and allowing its customers to transact as easily as possible.

On the day in question Mr W initially came through to the general customer support helpline, and was asked three questions by the agent about his basic details (like his name and address). That was really done to double check that Halifax had the correct customer details in front of them, compared with who they were expecting based on the number that was calling and other details entered. Mr W was then put through to the team that could help with downgrading his accounts, and at this point security checks were completed to verify it was actually Mr W that Halifax was speaking to.

The second agent initially asked three security questions – the arranged overdraft amount, the last four digits of the long card number, and how many accounts he had with the bank in total. Mr W didn't know the answers to the first two questions, and guessed the third. So the agent finally sent a text code to his mobile to complete verification.

In total Mr W was asked seven questions across the two calls – and he was likely only asked that many because he wasn't able to answer some of them. In my experience, the overall number asked in this case isn't out of kilter with the amount I've heard asked by other banks, particularly where incorrect answers are given. It also isn't unusual for some basic contact information to be checked initially and then further security checks to be completed when put through to another department. That's linked to the level of risk associated with the different functions carried out by the various teams.

I appreciate Mr W did have quite a few accounts with Halifax, and I wouldn't have expected him to have the details for them to hand at all times. But he had called Halifax, meaning some level of security checking ought to have been anticipated – and I don't find the information requested by the agent here was particularly onerous or unusual. Whether Mr W should have needed to phone the bank in the first place is a separate matter.

Mr W may have been asked slightly fewer and perhaps easier security questions elsewhere. Some variation across the industry is inevitable. But the basic contact details and account information, taken in first call, was information that could be very easily gained by third parties – so without the second set of checks Mr W's account was vulnerable. Had a fraudster been able to make any changes resulting in a loss to Mr W, off the back of a reduced level of security, we'd likely be holding Halifax accountable.

Overall, the security process Mr W was put through only took a couple of minutes. So, while I appreciate any additional questions may have been frustrating for Mr W, I find Halifax acted reasonably in the circumstances to protect his accounts."

Neither party had anything further to add by the deadline.

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.

Having re-examined everything, and given there weren't any further submissions, I see no reason to depart from the findings I made in my provisional decision. So, overall, I maintain that the security processes employed by Halifax were reasonable in the circumstances.

My final decision

My final decision is I don't uphold Mr W's complaint about Bank of Scotland plc (trading as Halifax).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or

reject my decision before 21 February 2024.

Ryan Miles
Ombudsman