

## **The complaint**

Mrs W has complained that Bank of Scotland plc trading as Halifax (“Halifax”) prevented her from switching accounts.

## **What happened**

Mrs W applied to switch her account from Halifax to another bank on 22 June 2023. However, Mrs W received a letter from Halifax dated 23 June 2023 saying the switch could not proceed and was told that she would need to contact her new bank.

Following this, Mrs W complained to Halifax. Halifax issued its response to the complaint on 16 August 2023, to say that the switch did not happen because an indicator had been applied to her account. Halifax explained that Halifax’s fraud team had asked that she attend branch with ID and Halifax said that as Mrs W didn’t do this, the indicator remained on her account. Halifax apologised that it had not been clearer about why exactly the switch had been unsuccessful and paid Mrs W £100 as an apology.

Unhappy with Halifax’s response to her complaint Mrs W referred it to this service.

Following Mrs T’s referral to this service, Halifax investigated Mrs W’s complaint further and changed its outcome on the complaint.

Halifax acknowledged that Mrs W had previously attended branch with ID when asked to do so, and that it (Halifax) had failed to remove an indicator from Mrs W’s account. Halifax explained that this is what led to the switching of accounts being stopped.

To put matters right Halifax said it was willing to pay Mrs W £200, as she lost out on receiving a switching incentive with what would’ve been her new bank. Halifax also agreed to pay a further £100 (in addition to the £100 it had already paid her) for the distress and inconvenience caused.

One of our investigators put this offer to Mrs W, and explained that they thought the offer was fair, but Mrs W didn’t accept it. So, the matter was referred for an ombudsman’s decision.

## **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 reviewed everything, I think what Halifax has offered to put matters right is fair and reasonable. I will explain why.

Firstly, I would like to make it clear that it is not in doubt that Halifax acted in error, and following its further investigation into this complaint, Halifax accepts that is the case.

When Halifax wrote to Mrs W to say the switch was incomplete, it had said that Mrs W would need to contact her new bank. However, Halifax now accept that it should not have said that, as the reason why the switch was blocked was due to an error made by Halifax and was nothing to do with Mrs W’s prospective new bank.

Furthermore, when Halifax responded to the complaint, it had said that Mrs W needed to attend branch with ID. Halifax now accept that too was incorrect and concede that Mrs W

had already done that. Halifax has confirmed that the indicator that had erroneously been left on Mrs W's account, and which caused the problems, has now been removed. I recognise that Mrs W believes this to be a lie, but the evidence that Halifax has provided does indicate that this has happened.

From Halifax's investigation, it's clear that the root cause of the issues that Mrs W faced was caused by Halifax's fraud team failing to remove the indicator from Mrs W's account after she'd presented ID in branch, and she'd spoken to them. All parties accept that this should not have happened. But given that the presence of the indicator on the account didn't affect Mrs W ability to continue using the account, I can see why it'd only become apparent during the switching process that it was, in fact, still on the account. Although I do think this should've been picked up by Halifax during its initial investigation of the complaint.

Therefore, it's clear that Halifax is at fault in this matter. So all that is left for me to consider is whether what it has already done and offered to do is reasonable, or whether it should do more.

I note that Mrs W has said that Halifax's actions are criminal and that it must be punished for them. Mrs W has asked that this service tells Halifax to pay her £415,000 in compensation.

I can't say that what happened is a criminal offence – if it were, that is not something that this service would be able to look into anyway, as it would be a matter for the police and the courts to look into. Secondly, as this service is not the financial regulator, it is beyond the remit of this service to fine or punish businesses where they have got things wrong. Instead, all I can do is consider how Halifax can put matters right for Mrs W.

Based on what Mrs W has said, it's clear that her expectations for how much compensation she believes she should be paid for the failure of her current account being switched are, putting it mildly, excessive. So, I recognise that whatever amount of compensation that this service does deem reasonable, Mrs W is likely to be unhappy with.

But that being said, I do think that Halifax's offer to pay Mrs W £200 for missing out on the incentive payment from her prospective new bank is fair. Had things gone as they should've i.e. had the indicator been removed from Mrs W's account when she'd attended branch with ID, then as far as I can see the switching process would've likely been successful. And I've seen nothing else to suggest that Mrs W would've not been eligible to receive the switching incentive payment. So, I think it is reasonable that Halifax reimburse Mrs W for missing out on that.

Turning now to the impact this matter had on Mrs W, she says this matter has had a great impact on her, and says that she was already suffering from health conditions beforehand and this has added to her stress.

I'm sorry to hear about Mrs W's circumstances. I can see that Halifax incorrectly saying she had to contact her new bank did lead to her unnecessarily contacting the new bank. Although the new bank, rather unsurprisingly, pointed out that the switch failed due to Halifax's actions and suggested she contact Halifax further about this matter.

I understand that due to this, Mrs W did contact Halifax a number of times. But I'm also mindful that, although Mrs W was not able to obtain her new account with the new bank, she was still able to use her existing account. Also, as the switch was unsuccessful, that meant that any automated payments would've continued as normal on her existing Halifax account.

So in terms of the distress and inconvenience, I recognise that this led to Mrs W having to contact the new bank. And this meant she also had to raise her concerns with Halifax to get to the bottom of why the switch failed. So, I can see why this matter would've been greatly frustrating for her. But on the other hand, Mrs W's usage of her account was not actually affected.

So when weighing everything up, I do think that Halifax's offer to pay a further £100 (in addition to the £100 it has already paid) for the distress and inconvenience caused is fair and reasonable in the circumstances. And, as the indicator has now been removed from Mrs W's account, I don't think Halifax needs to do anything more, other than what has been outlined above, to put matters right in this complaint.

I recognise that Mrs W may be disappointed by this, but I hope I have been able to explain the reasons why I have reached this outcome.

### **Putting things right**

Because of the reasons given above, I require Bank of Scotland plc trading as Halifax to:

- Pay £200 to Mrs W due to her missing out on receiving a switching incentive from her prospective new bank; and
- Pay a further £100 for the distress and inconvenience caused by this matter.

### **My final decision**

Because of the reasons given above, I uphold this complaint.

I therefore require Bank of Scotland plc trading as Halifax to do what I have outlined above, to put matters right, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 15 July 2024.

Thomas White  
**Ombudsman**