

The complaint

Mr N complains about the service he received from Bank of Scotland plc trading as Halifax when his payment was declined.

What happened

On 2 May 2023 Mr N contacted Halifax to increase his credit card limit to £25,000. The credit limit increase was approved. During the call Mr N explained to Halifax that the purpose of the increase was because he was hoping to purchase a travel package to the Hajj which was likely to cost £20,000 - £25,000.

On 5 May 2023 Mr N secured a Hajj package and attempted to pay using his credit card. The payment was declined even though Mr N responded to a text asking him whether he wished to proceed with the transaction. Mr N contacted Halifax and was advised that if he waited the transaction would go through. Mr N attempted to pay again but the transaction was again declined. Mr N contacted Halifax but was told that his account was blocked and that he would have to visit a branch to verify his identity. Mr N visited a branch and verified his identity, and the block was lifted. In the meantime, the tickets for the Hajj had sold out.

Mr N raised a complaint with Halifax. In response, Halifax acknowledged that its fraud strategies had let Mr N down and that its customer service hadn't met the standard expected. It offered compensation of £150.

Mr N remained unhappy. He said he'd managed to purchase a Hajj package on 23 May 2023 and had paid with his debit card due to the issues he'd experienced with his credit card, but the cost of the package had increased by £984.48.

I issued a provisional decision in which I upheld the complaint. I said that although the terms and conditions of the account made it clear that Halifax could suspend a transaction at any time for further security checks, I thought Halifax could've handled things better after the payment had been declined. I listened to the call with the fraud department and said I felt that the way in which the security questions were put to Mr N was confusing. I didn't think it was necessary to ask Mr N to visit his branch in order to verify his identity for the reasons recorded by the agent.

I said that it was clear that Halifax's anti-fraud prevention processes hadn't worked as they should have done on this occasion and that as a result, Mr N had suffered distress and inconvenience. I acknowledged that Mr N was looking to recover the additional costs he'd incurred on the Hajj package but said that my approach was to make an award for the distress and inconvenience caused. I said that Halifax should pay further compensation of £100 to Mr N.

I invited both parties to let me have any further evidence or arguments they wished to raise.

Halifax responded and said it accepted my provisional decision. Mr N responded and said he still felt that Halifax should pay compensation closer to a figure representing the additional costs he'd had to meet.

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've taken account of the additional comments from Mr N. I appreciate that the cost of his package had increased in between the time that he first tried to purchase it and the second (successful) purchase. I don't doubt that Mr N paid more, however, I haven't seen evidence to show that the packages he ultimately purchased were identical to those he initially attempted to purchase. In any event, and as I said in my provisional decision, the purpose of my compensatory award is to recognise the inconvenience caused to Mr N, not his financial loss. I remain of the view that further compensation of £100 is fair and reasonable.

Putting things right

To put things right, Halifax must pay further compensation of £100 to Mr N.

My final decision

I uphold the complaint. Bank of Scotland plc trading as Halifax must pay further compensation of £100 to Mr N.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 28 March 2024.

Emma Davy
Ombudsman