

The complaint

Mr A has complained that Bank of Scotland plc trading as Halifax blocked a payment he was attempting to make, causing him extra costs and inconvenience.

What happened

I have previously issued a provisional decision regarding this complaint. The following represents excerpts from my provisional decision, outlining the background to this complaint and my provisional findings, and forms part of this final decision:

“Mr A was organising a trip overseas. On 27 May 2023, he tried to pay for his trip in a foreign currency using his debit card. However on three occasions that day, he failed to successfully complete authentication checks for the transaction. These checks were carried out as part of a strong customer authentication (SCA) process, which is a regulatory requirement intended to reduce fraud and make online payments more secure. After Mr A failed SCA three times, Halifax’s systems blocked the debit card. I understand that he continued to attempt further payments using this card after 27 May, but these failed because the card remained blocked.

On 6 June, Mr A attempted to pay for his trip using an international transfer payment via online banking. This was declined because it was flagged as a potential security risk by Halifax’s fraud detection system. I understand that when this payment was declined, Mr A received a message from Halifax asking him to call, and explaining that the transaction had been flagged for additional security checks. Mr A spoke to Halifax and confirmed the payment was genuine. He therefore was able to pay for his trip on 6 June, and he also arranged for the block to be removed from his debit card. However Mr A says that as a result of the delay in him completing his booking, the cost of his trip had significantly increased.

During this period Mr A also visited a Halifax branch to resolve matters, but was unhappy that the conversation he had with staff was conducted in an area of the bank which he felt was not sufficiently private. He also commented that the staff member had spoken too loudly, which was inappropriate for the confidential discussion they were having.

Mr A made a complaint to Halifax, asking it to cover the increased cost of his trip, and raising his concerns about the service he had received, including in the branch.

Halifax did not uphold Mr A’s complaint, stating that the additional checks it had carried out that prevented the payment being made at an earlier date were to ensure that Mr A’s funds were kept secure. It also highlighted that a factor in its decision to carry out further checks was due to the size of the payment that had been requested. In terms of the conversation in the branch, Halifax stated that Mr A could have requested for this to have taken place in a separate room if he had wanted to.

Unhappy with Halifax’s response, Mr A brought a complaint to this service. He explained his dissatisfaction that the payment had been blocked, and also stated that Halifax had failed to tell him that his card had been blocked. He also reiterated his concerns about the lack of privacy he says he encountered during his branch visit.

When our investigator began working on the case, he established that when Mr A unsuccessfully attempted to pay for his trip by debit card, Halifax said he might not have received confirmation that the card had been blocked. That was because Halifax stated such a warning message would only have been sent to Mr A depending on how far he'd got through the SCA process.

Our investigator upheld Mr A's complaint in part. He said that Halifax had acted reasonably when flagging concerns about the requested payment for security reasons. However, based on the account terms, he suggested that Halifax should have phoned or texted Mr A when his debit card transactions failed, on the basis that it suspected fraud or a security threat on the account. The investigator stated that Halifax had the right to stop payments, and he didn't feel that it was responsible for the increased costs Mr A had incurred for his trip. However he proposed that Halifax pay Mr A £100 compensation for failing to keep him updated about the situation with the payment he was trying to make.

Halifax initially commented that the reason the card payment had not been successful was not because it suspected fraud or a security threat, but because Mr A had failed SCA on three occasions. This caused the card to be blocked. Halifax suggested that in these circumstances, it was reasonable that Mr A would have contacted it, knowing that he had not successfully completed the transaction. Halifax contrasted this situation with one where its security system flagged and blocked a payment, noting that this was what had occurred when at a later date Mr A had attempted to pay for the trip using an international transfer payment within the online banking system.

The investigator's view remained that Halifax could have made Mr A aware that his card was blocked when he failed SCA three times, and he continued to recommend that it pay him £100 compensation.

Halifax then agreed to this proposal. However, Mr A disagreed with the investigator's findings. He expressed his view that Halifax had been at fault in this matter, and stated the settlement offer was unfair. Mr A confirmed that he wanted an ombudsman to review his complaint.

Since this complaint was passed to me, I have asked for clarification from the parties about the date Mr A visited the bank branch. Halifax explained that it had not asked Mr A to visit, and that it did not have any records relating to this visit. However the only suggestion in its records that a visit may have occurred came from the fact that its 'know your customer' (KYC) details for Mr A were updated on 5 June. It said that its branch staff do not recall details of Mr A's visit. Halifax also stated that its branch staff would have been able to see from its records whether a card was blocked, but they would not have seen immediately if a payment was blocked.

I asked Mr A if he could recall which date he visited the branch, and he explained that he could not prove when this was, due to the time that has elapsed since it happened. He also forwarded evidence of the cost of his trip being deducted from his account on 7 June.

What I've provisionally 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.

Key to Mr A's complaint is that he says Halifax failed to contact him once his debit card was blocked after he failed the SCA process, and also that when he visited the bank branch, he was not told that his card had been blocked. Mr A says that the failure of the branch staff to tell him his card was blocked meant that he believed the reason he was unable to book his

trip was due to a fault with the overseas' website he was using. He says this delayed the purchase of his trip, resulting in him missing out on a cheaper package and having to pay more.

What I need to consider is whether Halifax acted reasonably when initially blocking the payment. I also need to determine whether the information Mr A was given when he visited the branch was misleading, if so whether this caused him to suffer a financial loss, and how the interaction was carried out by Halifax in the branch.

Mr A first attempted to pay for his trip using his debit card on 27 May. Halifax's records show that on three occasions he failed the SCA process. I note that Halifax has not been able to say at exactly what stage of the process the SCA failed. Because of this, it cannot be sure whether it sent a message to Mr A confirming what the issue was with the card. Either way, its records show that following the third attempt, the card was blocked. And Mr A says that he did not receive any message from Halifax to tell him that the card was blocked. On the balance of evidence, my conclusion is that Mr A was not contacted by Halifax to let him know the card was blocked.

Bearing in mind Halifax's obligations to keep its customers' funds safe, I consider it was reasonable that Mr A's card was blocked after he failed the SCA process on several occasions. In terms of whether Halifax should have contacted Mr A to tell him that his card was blocked, I note its comments that the reason for the card being blocked was not because its security system had flagged the payment as suspect. Instead it was because Mr A had not been able to successfully complete the SCA requirements.

It seems to me that after his card had failed to complete the payment on several occasions, it's reasonable to think that Mr A would have contacted Halifax to determine why there was a problem. In these circumstances, and bearing in mind that it is not clear at what stage of the process the SCA failed, my view on balance is that Halifax was not at fault when it didn't contact Mr A to confirm that his card had been blocked. I note that Halifax's records show that after Mr A's attempted transactions to pay for his trip failed on 27 May, he then attempted to pay for the trip again using his blocked debit card on 1 June and on 5 June. It would seem reasonable to me that if he still wished to pay for his trip via his debit card, Mr A should have contacted Halifax to establish what the problem was when he experienced this transaction failing on multiple occasions.

Mr A switched to attempting to make the payment as an international transaction via online banking on 6 June. This was blocked by Halifax's fraud detection system, and I understand Mr A received a message to contact the bank at this time. He spoke to Halifax on 6 June and the payment was then successfully authorised, with the cost being debited from his account on 7 June. The debit card was also unblocked at the same time. I need to determine what relevance Mr A's trip to the bank branch may have had upon his booking of the trip.

Halifax has no records that specifically relate to Mr A's branch visit. Mr A has provided details of his visit, and I consider it is clear that he did attend the branch in an attempt to arrange the booking of his trip. It is understandable that, after the period of time that has passed, Mr A does not know for certain which date he visited the branch. Halifax has provided evidence that its KYC details for Mr A were changed on 5 June. With the limited information available to confirm which date the branch visit took place, on balance my view is that it is likely that it was on 5 June.

Mr A says that he was not told by the branch staff that his card was blocked. He has also said that the staff spoke to him in an area that was not sufficiently private, and that they spoke too loudly bearing in mind the content of these discussions. Clearly I cannot know for certain what was said at the branch meeting, but taking into account Mr A's description of his

visit, and in the absence of any evidence to the contrary from Halifax staff, my view is that Halifax failed to tell Mr A about the card block at this time. Halifax says that its staff would be able to see if a card was blocked, but it would not be immediately evident if a particular payment was blocked. In this case, the card was blocked, and so I consider Halifax staff should have been able to tell Mr A about that.

In terms of the area of the branch that the discussions between Mr A and bank staff took place, I consider that Mr A could have asked for this to happen in a separate room. I'm not persuaded that I have sufficient evidence to show that bank staff conducted the discussions in an inappropriate manner, or that they took place in an unsuitable location in the branch.

In terms of the impact that failing to tell Mr A about his card being blocked had on his attempt to book his trip, I am mindful that Mr A successfully made the booking on 6 June. Based on my understanding that it is likely that Mr A visited the branch on 5 June, the failure to tell him about the blocked card during that visit appears to have only delayed the booking by one day. And based on the evidence provided, I don't consider it's been shown that a delay in booking the trip from 5 June to 6 June caused Mr A to have to pay more for it.

Overall my view is that during his branch visit, Halifax staff failed to explain to Mr A that his card was blocked. This meant he believed the problem with his booking was being caused by the website he was using. I consider this failure to properly inform Mr A about his debit card caused him unnecessary distress and inconvenience. To compensate Mr A for that, my view is that Halifax should pay him £100 compensation.

I appreciate that Mr A is likely to be disappointed with my findings. However, based on the evidence provided, my current view is that Halifax should not be required to pay Mr A any additional costs he incurred due to the delay in him successfully booking his trip."

Responses to my provisional decision

Mr A confirmed that he had no further submissions to make.

Halifax reconfirmed that it was willing to pay Mr A £100 compensation.

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 appreciate that Mr A remains unhappy about the interactions he had with Halifax in relation to his attempts to pay for his trip. But having looked again at the evidence in this case, although I understand that the compensation I proposed in my provisional decision is not in line with what Mr A was seeking, my view remains that an amount of £100 is fair to reflect distress and inconvenience caused in this matter.

My final decision

My final decision is that I uphold this complaint in part, and require Bank of Scotland plc trading as Halifax to pay Mr A £100 compensation to reflect distress and inconvenience caused to him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 4 April 2024.

John Swain
Ombudsman