

The complaint

Mr A has complained Bank of Scotland plc, trading as Halifax, have allowed fraud to continue to happen on his bank account.

What happened

Mr A noticed two instances of fraud on his account in March 2023. £200 was refunded to him. In May Mr A realised an unknown person had reported his card as lost and a further withdrawal of £100 was made. Mr A asked for his account to be blocked and for Halifax to sort out this problem. This seemed to be someone conning branch staff into allowing him to withdraw cash as he didn't have the card available. Copies of Mr A's signature were used to authorise the withdrawals.

Mr A asked for any block to be removed from his account in July. Shortly afterwards eight further fraudulent withdrawals were made. Lloyds refunded the amount withdrawn and paid Mr A a further £80 for the trouble caused to him. This was on top of £50 paid to him in June 2023.

Mr A remained unhappy and brought his complaint to the ombudsman service.

In the meantime Halifax made further offers of compensation to Mr A. This ended up in them confirming they would offer a further £350 in total. Mr A didn't accept these offers.

Our investigator reviewed what had happened. She believed that Halifax had contributed to the problems Mr A had gone through. She was going to ask them to pay a further £750 in total. Halifax was willing to pay this amount.

In December Mr A was a victim of fraud again. Halifax was willing to allow us to consider this within this complaint. Our investigator asked Halifax to pay £900 in total.

Mr A was unwilling to accept this as he couldn't understand how Halifax couldn't stop what was happening. His complaint has been referred to an ombudsman for decision.

Since that period, Mr A has been a victim of fraud again although this time Halifax has refused to refund him. That instance is not part of this complaint.

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 done so, I've come to the same conclusion as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law

and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

The regulations which are relevant to Mr A's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks and financial institutions to refund customers if they didn't make or authorise payments themselves.

To help me come to a decision, I've reviewed the evidence Halifax provided as well as what Mr A has told us. Halifax has accepted these withdrawals were fraudulent and refunded Mr A.

The only issue for me to consider is the level of appropriate compensation which Mr A should receive.

Halifax has admitted there were errors. They failed to work to the notes placed on Mr A's account which would have ensured appropriate checks were carried out on anyone trying to withdraw money from his account without access to his debit card.

I appreciate Halifax is unable to explain how this continues to happen as the individual coming into branch seems to know a lot about the transactions on Mr A's account. Certainly enough to make branch staff feel comfortable into thinking this is the genuine account holder.

I'm not an expert on signatures but I can see there are sufficient similarities for staff to have accepted withdrawals from this individual despite checking.

Putting things right

Like our investigator, I believe an award of £900 is fair and reasonable. I say this because the impact of Halifax's mistake has caused considerable distress. It has also caused significant inconvenience and disruption to Mr A as he remains uncomfortable about how his Halifax account is operating.

As this issue continued for so long, I believe a relatively high award of £900 would be fair and reasonable. This amount is over and above the £130 Halifax has already given to Mr A.

Halifax has confirmed the best thing may be for Mr A to close his account and open another one to limit the chance of this issue re-occurring. I'm aware that Mr A believes fraud must be within Halifax, but I have to say I'm surprised he hasn't considered that it's more than likely that this is someone Mr A knows.

My final decision

For the reasons given, my final decision is to instruct Bank of Scotland plc, trading as Halifax, to pay £900 for the trouble caused to Mr A.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 13 May 2024.

Sandra Quinn
Ombudsman