

The complaint

Mr S feels that Bank of Scotland plc, trading as Halifax, should have done more to prevent a fraudster changing his contact details and attempting to move money from his account.

What happened

In November 2023, Halifax received a call from a person fraudulently pretending to be Mr S. The call showed as coming through on Mr S's registered telephone number and the fraudster had access to Mr S's personal information and was able to correctly answer Halifax's security questions. The fraudster explained that he (Mr S) had recently acquired a new telephone number and changed the registered phone number on Mr S's account to that new number.

Shortly afterwards, a series of suspicious account activity, which included an instruction to move several thousand pounds from the account, prompted Halifax to restrict Mr S's account. Mr S called Halifax when he noticed that his account was restricted and confirmed that he hadn't called them to update his phone number a few days previously, highlighting the attempted fraud. Halifax then took steps to secure Mr S's account, which included cancelling and reissuing all of Mr S's bank cards.

Mr S wasn't happy that the fraudster had been able to pass Halifax's security measures and change the phone number on his account. And he also wasn't happy about the trouble he'd experienced because of what happened, especially as the cancelling of his cards had happened as he was embarking on a family holiday overseas. So, he raised a complaint.

Halifax responded to Mr S but didn't feel that they'd acted unreasonably regarding the processes they had in place to protect Mr S's account. Mr S wasn't satisfied with Halifax's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Halifax had acted unfairly in how they'd managed the situation, and so didn't uphold the complaint. Mr S remained dissatisfied, so the matter was escalated to an ombudsman for a final 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.

Mr S has said that he feels that Halifax should have had more stringent security processes in place, such as voice recognition, and that if they had, it would most likely have prevented the fraudster being able to change the telephone number on Mr S's account.

I can appreciate Mr S's concerns, given what happened here. But this service isn't a regulatory body, and so it isn't within my remit to say that Halifax should change the way that they operate. Rather, this service's remit is based on fairness of outcome, and so I must decide whether I feel that the security processes that Halifax did have in place were reasonable and whether they unfairly impacted Mr S.

When considering this point, I note that when the fraudster called Halifax and impersonated Mr S, they already had access to Mr S's personal information. Additionally, the fraudster had been able to clone Mr S's phone number, so that it appeared to Halifax that the call the fraudster was making was being made from the correct phone number that Halifax had on record as belonging to Mr S.

Clearly then, this was a sophisticated fraud. And given that the fraudster appeared to be calling on Mr S's phone number and was able to correctly answer Halifax's security questions, I don't feel it was unreasonable for Halifax to have believed that they were speaking with Mr S when they were asked to update the phone number on the account.

I also don't feel that security processes that Halifax followed – the checking of the incoming telephone number and the asking of security questions – were unreasonable in relation to the level of account access the fraudster was able to achieve. And it must be remembered that the fraudster was only able to change the phone number on Mr S's account, and that if the fraudster had attempted to instruct a movement of money from the account while on the phone at that time, further security processes would have been followed.

Indeed, the fact that the fraudster didn't attempt to instruct a movement of money from the account makes me feel that they fraudster was most likely aware that doing so would prompt further security from Halifax which they likely wouldn't have been able to pass. And it also must be acknowledged that when the fraudster attempted further action on the account, including an instruction to move money from the account, those actions were recognised by Halifax as being suspicious and Mr S's account was blocked. And this means that Halifax did successfully protect Mr S's money from the attention and efforts of the fraudster.

In consideration of all these points, I don't feel that Halifax acted unfairly by following the security processes that they did here. It's for Halifax to decide the security processes it has in place. And the fraudster was only able to change the phone number on Mr S's account because they'd been able to obtain Mr S's personal information so that they were able to clone his registered telephone number and pass Halifax's security questions. Furthermore, despite the fraudster's success in updating the phone number on the account, the fraudster wasn't then subsequently able to withdraw any money from Mr S's account.

This isn't to say that Mr S wasn't worried and inconvenienced by what happened here. Indeed, I accept that he was, especially given that these events took place just as Mr S was going on holiday, meaning that he had to rely on other bank cards while overseas for which he incurred overseas use charges.

But while I accept that what happened to Mr S in this regard was unfortunate, I don't feel that Halifax should fairly be held responsible for it as Mr S contends. This is because it wasn't Halifax's fault that a sophisticated fraud attempt was made against Mr S at the time that it was. And as explained, I don't feel that Halifax acted unfairly or unreasonably by following the security processes that they did – which it must be remembered were ultimately successful.

So, while I accept that Mr S has incurred upset and inconvenience here, and incurred costs he might otherwise not have incurred, I feel that it's the fraudster themselves that fairly bears the accountability for what happened to Mr S. And I don't feel that it would be fair or reasonable to transfer the responsibility for what happened from the fraudster to Halifax because the fraudster can't be located to be held accountable for what they did.

Finally, Mr S is unhappy with how Halifax have handled the complaint he brought to them about these issues. However, as per the rules by which this service must abide – which can be found in the Dispute Resolution (“DISP”) section of the Financial Conduct Authority

("FCA") Handbook – this service is only able to consider complaints about specified activities, of which complaint handling isn't one.

In short, this service can't consider a complaint about how a business has handled a complaint, even when that complaint is about a financial activity. And this means that this aspect of Mr S's complaint isn't one that it's within the remit of this service to consider.

All of which means that I won't be upholding this complaint against Halifax or instructing them to take any further or alternative action here. To confirm, this is because I don't feel that Halifax acted unfairly or unreasonably by following the security processes that they did. I realise this might not be the outcome Mr S was wanting. But I hope that he'll understand, given all that I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 7 August 2024.

Paul Cooper
Ombudsman