

The complaint

Mr and Mrs C are unhappy with Bank of Scotland trading as Halifax's handling of their Continuous Payment Authority (CPA).

What happened

Mr and Mrs C bought an item and set up the CPA to pay for the goods via three instalments from their Halifax current account.

Once the payments had been made Mr and Mrs C contacted Halifax to ask it to cancel the CPA. Halifax said that wasn't possible. It said it could only place a block on the CPA and that would last for 13 months. It said at the end of the 13 months Mr and Mrs C would need to come back to Halifax again and ask it to renew the block for a further 13 months. It said it had to be done this way as the CPA between Mr and Mrs C and the retailer was for a subscription and only the retailer (the merchant) could cancel the CPA.

Mr and Mrs C contacted the retailer. It said the payments had been collected through the CPA and that it didn't collect payments via a subscription. It confirmed as the final payment had been made the CPA had been automatically switched off and it would no longer collect any future payments. Mr and Mrs C relayed this to Halifax, but it maintained there was nothing more it could do so Mr and Mrs C brought their complaint to this service.

Our investigator upheld the complaint. She said the Financial Conduct Authority (FCA) state a bank must cancel a CPA when asked to do so by a customer. She noted the retailer had confirmed Halifax would need to cancel the CPA. Our investigator said it was unfair on Mr and Mrs C to have to keep going back to Halifax every 13 months to renew the payment block. She said Halifax should cancel the CPA and pay £50 compensation for the distress and inconvenience caused.

Mr and Mrs C accepted this. Halifax didn't and asked for the complaint to be passed 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 and Mrs C were clear with this service that the final payment of the three arranged as part of the CPA had been taken by the retailer on 9 February 2024. It was after this point they contacted Halifax and asked it to cancel the CPA.

Mr and Mrs C said the payment had been set up as a subscription rather than a direct debit or a standing order. Mr and Mrs C understandably don't want open ended agreements in place against their account which would allow a retailer to come back at a later date and take further payments. So, after asking Halifax to remove it they were told only the retailer could remove it.

Mr and Mrs C contacted the retailer who said it didn't collect payments by subscription and that it collected the payments by CPA. It said it couldn't cancel any subscription as it didn't collect payments this way. It didn't understand why Halifax would say this and hoped that as a month had passed since the last payment had been taken it might be worth Mr and Mrs C contacting Halifax again in the hope its view had changed. It concluded by saying again no further payments would be taken and the order status was marked as settled.

Mr and Mrs C want the matter resolved and the CPA cancelled but both parties are telling them there's no more it can do. Halifax said it didn't set the payment up as a subscription, it said this was done between Mr and Mrs C and the retailer. But the retailer has confirmed it never sets up payments in this way.

Halifax declined Mr and Mrs C's complaint. It was only willing to place a block rather than cancel the CPA. But this meant the onus will be back on Mr and Mrs C to reset the block arrangement with Halifax every 13 months.

Halifax said Mr and Mrs C would need to speak to the retailer to ensure no further payments are taken. It said it had made no error and it couldn't permanently remove the CPA. Halifax said Mr and Mrs C could cancel the CPA through the mobile banking app. Mr and Mrs C tried this, but it couldn't be done as the block was on the account. Halifax said if Mr and Mrs C removed the block it would then allow them to cancel. So, they tried that too, removed the block but the system still wouldn't let them cancel the CPA. So, Halifax provided a telephone number for Mr and Mrs C to call to complete the cancellation. Mr and Mrs C did as suggested but when they spoke to Halifax staff while on the app, the staff were unable to help, and the problem remained. At this stage Halifax reverted to its initial position and said Mr and Mrs C needed to go back to the retailer.

I don't think Halifax has acted fairly or reasonably here.

I think Mr and Mrs C have been clear about what they needed the CPA for, that they have paid for the goods in full, the retailer has confirmed everything is paid for and there will be no more requests for payment. It also said the bank need to cancel the CPA.

But Halifax hasn't been clear or sure how its own processes work and that has been shown by the conflicting ways it has suggested concluding this matter. Mr and Mrs C don't want to get back in contact with Halifax every 13 months to reset a block. Halifax need to conclude matters now.

I think Mr and Mrs C made a perfectly reasonable request to Halifax. It's clear the retailer has no wish to take any further payments from Mr and Mrs C and it has confirmed this. This has been relayed to Halifax who said it would only send money to the retailer when it calls for payment. So, it's clear there's no authority for Halifax to release any further payments under the CPA. So, I don't think there's any need for Halifax to apply a block and make Mr and Mrs C keep contacting it every 13 months. It should be able to confirm to Mr and Mrs C that the authority for any payments under the CPA has ended and no further payments will be allowed or authorised. I think it should have done this from the start of Mr and Mrs C's request.

There's no doubt this has been frustrating for Mr and Mrs C. I think Halifax could've and should've dealt with this much more effectively and certainly more quickly. For the distress and inconvenience caused Halifax should pay Mr and Mrs C £50.

Putting things right

- Confirm to Mr and Mrs C that the authority for any payments under the CPA has ended

and no further payments will be allowed or authorised.

- Pay £50 compensation for the distress and inconvenience caused.

My final decision

I uphold this complaint.

I require Bank of Scotland trading as Halifax to:

- Confirm to Mr and Mrs C that the authority for any payments under this CPA has ended and no further payments will be allowed or authorised.
- Pay £50 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 27 September 2024.

John Quinlan
Ombudsman