

The complaint

Mr D complains Bank of Scotland plc trading as Halifax declined an Apple Pay transaction.

What happened

In February 2024, Mr D attempted an Apple Pay transaction using his credit card, but this was declined. He tried the transaction again via chip and PIN and this was successful.

Mr D says he was caused embarrassment due to the payment being declined. When he contacted Halifax about this, he says he was told the decline was due to the contactless limit, which he believes is incorrect as he used Apple Pay which has no limit. Unhappy with this, he raised a complaint.

Halifax looked into the complaint and explained the transaction was declined due its fraud prevention measures and the contactless limits applicable to the card. It said it needs to confirm the customer is in possession of the card on a regular basis so may require the customer to use the PIN on certain occasions. It also offered £50 compensation for the lack of empathy shown to Mr D when discussing the embarrassment he'd experienced.

Mr D brought the complaint to our service. He says he doesn't think this was a fraud prevention issue because he wasn't required to speak to the fraud team to unblock his card. He also says Halifax has referred to his contactless limit, but this is incorrect as he previously spent over £300 on one payment using Apple Pay. He's also unhappy Halifax hasn't reassured him it won't happen again.

Our investigator looked into matters and didn't uphold the complaint. They said Halifax sets limits, and if exceeded, will require the transaction to be authorised using the physical card. They thought as Mr D was able to use his physical card to complete the transaction, they couldn't hold Halifax responsible for the embarrassment he experienced. They also felt £50 fairly compensated him for the service received when he raised the issue via webchat.

Mr D disagreed. He thinks that if the transaction was stopped due to fraud reasons, he shouldn't have been able to complete the transaction a minute later and would have been blocked. He also said the spending pattern was within his normal amount and he has made transactions for over £100 using Apple Pay.

As Mr D remained unhappy with the outcome, the case was passed to me to make a 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.

I appreciate Mr D was embarrassed when his payment was declined. However, I can only ask Halifax to put things right if I think it has acted unfairly or unreasonably. And I don't think it has.

It's important to note a transaction can be declined for a number of reasons. In addition to limits set by the mobile payment service (in this case 'Apple Pay') and the retailer where a purchase is being made, banks also have their own security measures in place when a transaction is attempted without chip and PIN. Halifax has told us it sets internal limits for contactless and mobile payments, and these can vary. So, a payment may be declined if account activity exceeds either the value or the number of transactions set. In this case, Halifax declined Mr D's transaction due to exceeding its limit.

I understand Mr D says the transaction wasn't unusual and he has previously made higher value transactions using Apple Pay. But Halifax has legal and regulatory obligations that it is required to meet, which includes keeping its customers' accounts safe. The terms and conditions of his account allow Halifax to decline transactions in certain circumstances, and I don't think it was unreasonable for Halifax to do this where a transaction exceeded its limits. Whilst unusual activity is one aspect banks look out for when detecting fraud, it isn't the only consideration. Halifax has confirmed its limits vary, so although Mr D may have carried out transactions of higher value previously, it doesn't mean it would be approved every time. Ultimately Halifax is entitled to set its own security measures to safeguard its customers – this is a commercial decision it is able to make and not something our service would interfere with unless we believed that the bank was behaving unfairly – and I'm not persuaded that's the case here.

I note Mr D doesn't think the decline was for fraud reasons because he was able to carry out further transactions without needing to contact Halifax's fraud department. But Halifax didn't restrict Mr D's card or account, it required Mr D to complete the transaction using his physical card to show that he was the one making payments from the account. And by using his card immediately after, Halifax was able to confirm the transaction was carried out by the cardholder. So, I'm satisfied it hasn't done anything wrong here.

I can see Halifax mentioned transaction limits set by Apple when Mr D first contacted it, so I can appreciate Mr D's confusion around the reason for the decline. However, the final response clarifies it was due to Halifax's limits and for security reasons it's unable to share these limits with him. I think this is reasonable – it would defeat the purpose of fraud prevention measures to give more information about this. I also note Halifax has explained Mr D's transactions may decline in future because of this and advised to keep his card with him. So, whilst I can appreciate it's frustrating when a transaction is declined, I'm satisfied that this action is to protect both Mr D and the bank from fraud, so I don't find Halifax has acted unfairly.

I acknowledge Mr D's comments about the embarrassment he experienced and can empathise with him. However, I think the impact was minimal as he was able to complete the purchase within a minute of the declined transaction. And as I'm not persuaded Halifax acted unfairly, I can't hold it responsible for any upset he experienced due to the declined transaction. I understand Halifax offered £50 for the customer service it provided when he contacted it about his concerns, I think this is reasonable in the circumstances so I won't be asking it to do anything further.

My final decision

For the reasons I've explained, I'm satisfied the offer to pay £50 is fair and reasonable in the circumstances and I don't require Bank of Scotland plc trading as Halifax to do anything more.

So my decision is that Bank of Scotland plc trading as Halifax should pay Mr D £50, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 23 October 2024.

Tania Henry
Ombudsman