

The complaint

Mr L complains that Bank of Scotland plc trading as Halifax blocked a payment he wanted to make.

What happened

On 28 May 2024, Mr L visited a Halifax branch intending to close a savings account and use some of the money to make a payment to a third party. There was some delay while branch staff attempted to process Mr L's instructions to close his savings account. After the money was put into his current account, the payment Mr L wanted to send was flagged for security checks. So branch staff set up a call so Mr L could speak to someone in its fraud team.

Mr L was unwilling to divulge some information the fraud team asked him to provide. Ultimately, he spent several hours engaged on multiple phone calls trying to resolve the issue. He felt strongly that he should be free to spend his money as he chose. He didn't feel that Halifax provided him with any satisfactory reason to explain why it was blocking the payment when he'd told them what the money was intended for and who he was paying. Discussions became heated and resulted in Mr L finally telling Halifax to cancel the payment as he intended to close his account.

When Mr L complained, Halifax said that systems issues outside its control meant it took longer than expected to close his savings account. And it said it hadn't made any error when his payment had been referred for additional security checks as part of Halifax's fraud prevention process. But Halifax agreed that some elements of the service and information given to Mr L during his calls with Halifax could have been better. Halifax apologised for this and said feedback had been provided so any training need could be addressed.

Mr L didn't feel this was a satisfactory response and so he brought his complaint to us.

Our investigator thought that the way Halifax dealt with Mr L when closing his savings account was polite and professional. And she said Halifax was entitled to block the payment in line with its terms and conditions. But she felt that in some key respects, Halifax should have provided a better level of customer service during phone calls with Mr L. She recommended that Halifax should pay Mr L £150 compensation to reflect the distress and inconvenience this caused him.

Halifax reconsidered the complaint in the light of the investigator's view and agreed to pay Mr L £150 compensation in line with the settlement proposal.

Mr L disagreed with our investigator. He didn't feel this amount of compensation fairly reflected the impact on him of the way he'd been treated by Halifax. He also wanted further action to be taken and individuals severely reprimanded for what happened.

Mr L asked for an ombudsman to review this complaint, so it comes to me to decide.

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 can understand why what's happened has been upsetting and frustrating for Mr L. But having thought about everything, I've independently reached the same overall conclusions as our investigator. I'll explain my reasons.

This service can't reprimand business employees for mistakes or tell Halifax how to manage its staff. My role is to consider the evidence presented by the parties in connection with Mr L's complaint and reach an independent, fair and reasonable decision based on the facts of the case and the evidence provided by both sides.

The background facts are not in dispute. So I don't need to say more about what happened. And Mr L hasn't disagreed with what the investigator said about what happened in branch when he wanted to close his savings account. Save for confirming that I agree with what the investigator said, there's nothing further I can usefully say about that matter. And Mr L told us that his main complaint is about the advisor who kept pressing him for details after Mr L had made it clear he had provided all the information he was willing to share about the payment. So I've made that the focus of my decision.

I've listened to the call recordings provided to me. After the payment had initially been flagged for a security check, Mr L spoke to a call handler at Halifax. Mr L felt Halifax's questioning was unduly invasive, saying '...I resent that question'. And I appreciate how strongly he feels about Halifax pursuing answers to questions that he thought were unnecessary, especially when he'd already explained who the payment was being made to and what it was for.

But Halifax can't simply rely on Mr L saying he wanted to make the payment. I must take into account that Halifax has legal and regulatory obligations that it has to act in line with. Halifax is required to have processes in place to help ensure it takes reasonable steps to keep customers' money safe. Sometimes this might mean that Halifax identifies and blocks a legitimate payment that a customer wants to make and when this happens, it understandably causes distress and inconvenience. But it doesn't necessarily mean Halifax has acted incorrectly or unfairly. Checks undertaken as part of Halifax's verification process are designed to help prevent fraudulent activity on customers' accounts.

Halifax's terms and conditions, which Mr L would've signed up to in order to be able to use the account, allow Halifax to stop payments being made in some circumstances. Here, Halifax flagged the payment for further security checks which is why it was blocked and I am satisfied that Halifax acted in line with its business terms when it did this. The fact alone that Mr L told Halifax that the information it was asking him for was personal and he didn't want to provide it makes no difference to my view on this point. I don't find that Halifax was wrong to tell Mr L that he was required to answer all the questions it put to him in order to be able to authorise the payment.

However, Halifax still needed to treat Mr L in a fair and reasonable way. Having listened carefully to Mr L's discussions with the various call handlers, I think Halifax fell short of providing a reasonable level of customer service to Mr L during some of the phone calls and this warrants more than just an apology - which Halifax now agrees.

So I've thought about the question of fair redress.

Our approach to redress is to aim to look at what's fair and reasonable in all the circumstances of a complaint. One way we would try and do this impartially here is to put Mr L in the position he'd be in if Halifax hadn't been responsible for the poor service issues it has admitted. So my starting point is to think about the impact on Mr L of what happened.

I haven't been provided with anything to show that Mr L is out of pocket as a result of any poor service on the part of Halifax. But fair compensation isn't just about financial loss - it also needs to properly reflect the wider impact on Mr L of Halifax's service failings.

I'm very sorry for how what happened made Mr L feel. He said he felt at times that he was being 'laughed at' and 'ridiculed' and he was made to feel particularly upset when told '..you can complain all you like – I get that you like to complain...'. I don't think Halifax always sufficiently kept in mind that Mr L was being asked questions that might well have been upsetting for him. But I must be even-handed. I also think it's fair to say that Mr L sometimes made it difficult for the various call handlers to convey the information they were required to pass on. And when Mr L's refusal to provide the information requested effectively meant his payment couldn't be released it simply wasn't possible for Halifax to progress the calls in a constructive way.

Mr L feels strongly that Halifax misled him about whether he could get his money back and close his account. I think there was some miscommunication around this issue. I can understand why he felt he was provided with wrong information when he was left thinking that he couldn't close his account whilst the payment was blocked. But I am satisfied that the position was soon clarified during the next phone call he had with the call handler's manager and he was provided with correct information assuring him that he could go to a branch and close his account if he wanted to.

Mr L also questioned what he'd been told about the account block when he found he could still use his debit card to make a small payment. It was explained that depending on the type of block, he could still use his card for some transactions.

Thinking about all of this, I have no doubt that the shortcomings I have identified in the service provided by Halifax made a frustrating situation harder for Mr L to deal with and left him feeling disrespected and upset. The £150 payment Halifax has agreed to pay seems fair to me in all the circumstances. I haven't seen or heard enough to make me think it would be fair to require Halifax to do more than this. I am satisfied this amount matches the level of award I would make in these circumstances had it not already been proposed. It is in line with the amount this service would award in similar cases and it is fair compensation for Mr L in his particular situation.

I have set out below the steps I require Halifax to take.

Putting things right

Halifax should pay Mr L £150 compensation, as it has offered to do, to reflect the impact on him of its admitted poor service.

My final decision

My final decision is that I uphold this complaint and direct Bank of Scotland plc trading as Halifax to take the steps set out to put things right for Mr L.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 14 January 2025.

Susan Webb
Ombudsman