

The complaint

Mr G complains that Bank of Scotland plc trading as Halifax blocked his Halifax and Lloyds accounts. He's also unhappy about the lack of explanation provided about why his accounts were considered to be at risk, and about the fact that a compensation payment was paid to an account which wasn't his Halifax account.

What happened

Mr G holds accounts with Halifax and Lloyds. In November 2022 Mr G received a text message from Halifax advising that suspicious activity had been noticed on his account and asking him to contact them. Mr G tried to contact Halifax on the number given but was unsuccessful in getting through. Mr G checked his account and found no transactions which he didn't recognise.

Around a week later, Mr G became aware that his account wasn't working. He contacted Halifax and was advised that a block had been placed on the account.

Mr G complained to Halifax. He was unhappy that the block had been applied to not only his Halifax accounts but also to an account he held with Lloyds. Mr G was also unhappy that two letters he'd sent to Halifax requesting that his credit card was cancelled hadn't been actioned.

Halifax responded and said it couldn't provide specific information about why it felt that the accounts had been compromised. It advised Mr G that although his Halifax and Lloyds accounts weren't linked, they were with the same banking group (Lloyds banking group) and that it was common practice to block all accounts within the group in cases of potential compromise in order to protect the accounts. Halifax acknowledged that Mr G had experienced poor customer service. It upheld this part of the complaint and paid compensation of £100.

Mr G remained unhappy and complained to this service.

Our investigator didn't uphold the complaint. She said she was satisfied that Halifax had provided a sufficient explanation for the account restrictions. The investigator said she recognised that Mr G was unhappy that the compensation payment had been credited to his Lloyds account rather than his Halifax account but said she was satisfied that Mr G had received the payment.

Mr G didn't agree. He said that Halifax hadn't explained why it had paid the compensation payment into his Lloyds account. He also said he hadn't received an explanation as to why a potential compromise on his Halifax credit card account meant that his other accounts were at risk of compromise.

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've reviewed the contact notes provided by Halifax. These show that Mr G's accounts were blocked due to the bank's security systems detecting a possible compromise. The block was applied to all Lloyds Banking Group products to protect Mr G from any potential fraud.

I've looked at the final response letter. I'm satisfied that this provides an adequate explanation as to why the accounts were blocked. I appreciate that Mr G wants more detailed information as to why his accounts were considered to be potentially compromised. Halifax has said that this is commercially sensitive information, which, if shared, would weaken its fraud prevention systems. This service can't ask a business to change its policies, but having considered the circumstances of this complaint, I'm satisfied that Halifax's decision not to disclose detailed information was reasonable.

I've looked at how Halifax treated Mr G when he contacted them to ask why his accounts had been blocked. Halifax has acknowledged that Mr G spoke to several different members of staff and that he wasn't provided with sufficient clarity as to what had happened. I appreciate that this must've been a frustrating experience for Mr G. I've thought about the level of compensation offered by Halifax for the poor customer service it provided to Mr G. Taking everything into account, I think the compensation paid was fair and reasonable, and in line with what this service would recommend.

Mr G has queried why the compensation was paid into his Lloyds account rather than his Halifax account. Halifax has said that when it was processing the compensation payment, its system showed all available accounts under the Lloyds Banking Group. It appears that the payment to Mr G's Lloyds account (as opposed to his Halifax account) was a human error, with the Lloyds account being selected from the list on the system rather than the Halifax one. I understand that Mr G would've preferred to receive the compensation into his Halifax account. However, I'm satisfied that the compensation payment was received.

Taking everything into account, I'm satisfied that Halifax has handled Mr G's complaint fairly and reasonably. I won't be asking it to do anything further.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 27 December 2023.

Emma Davy
Ombudsman