

The complaint

Miss M complained because Bank of Scotland plc, trading as Halifax, refused to refund her for two cash withdrawals which she said she didn't make. Halifax then closed Miss M's account.

What happened

Miss M opened a new account with Halifax on 16 June 2023. Computer records show that Halifax sent the PIN to Miss M's registered address on 17 June. For security, Halifax sends PINs separately from debit cards. It sent the new debit card to Miss M's registered address on 21 June.

At 14.10 on 24 June, a £240 cash withdrawal was made using the debit card and PIN. This was carried out at a large station in the city where Miss M lives. At 14.43 there was a £30 cash withdrawal using the debit card and PIN, at another part of the city where Miss M lives. This left the balance of Miss M's account at £0.88.

Later that day, Miss M contacted Halifax to say she didn't recognise the two withdrawals for £240 and £30. She told Halifax the card had been stolen from the doorstep, and Halifax asked if she didn't have anywhere secure for post to be delivered. Miss M then said that the card hadn't been delivered. Halifax's adviser told Miss M that she'd have to contact the police, saying that the police could get CCTV from the cash machines, because theft from Royal Mail was an offence. Halifax stopped Miss M's card and PIN.

A few days later, Miss M rang Halifax back with a crime reference number. She said no-one else had access to her card, and she hadn't written down her PIN. Halifax investigated, and on 3 July it sent Miss M a text and a letter, saying that it had decided to close Miss M's account with Halifax and any other accounts she had with the Bank of Scotland group. It told her this would happen in 65 days' time, and explained how the account could be operated during this notice period.

In Halifax's final response letter on 10 July, it said that when it sent out a card and PIN, it sent them separately on different days. So it couldn't see how someone could have been able to intercept both letters. And it pointed out that there hadn't been a balance check before the withdrawals – which meant that the person who withdrew the total of £270 had known the balance in the account. So it couldn't understand how anyone else could have withdrawn the money.

There was further communication between Miss M and Halifax. Miss M changed what she said, for example saying at one point that the card and PIN had gone to the wrong address, though she'd been at her current address for some time. Halifax didn't change its decision.

Miss M wasn't satisfied and contacted this service.

Our investigator asked Miss M for more information. These included asking whether her home had a letterbox at the front door, or whether there was a communal area with boxes. He asked whether other items had gone missing, and if so whether there had been any

complaint to Royal Mail. Miss M said she didn't have a letterbox. But when she later sent the investigator the photo of her front door as he'd requested, this showed a letterbox.

The investigator didn't uphold Miss M's complaint. He pointed out that the PIN had been sent some time before the card, for security reasons, and that both had been sent in plain envelopes. He didn't think it likely that anyone had intercepted both. He also said that the pattern of the disputed transactions wasn't typical of fraud. He thought that there was no credible explanation of how the card and PIN had been obtained, or how anyone other than Miss M could have known the amount within the account, and managed to withdraw that. He also didn't think there was anything more that Halifax could have done to protect the account.

Miss M wasn't satisfied. She said if it wasn't a fraudster, why would she waste her time by making an official complaint. She asked if the investigator thought she had time to travel to the places where the withdrawals had taken place, to take out cash just to lie. Miss M asked for an ombudsman's 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.

There are regulations which govern disputed transactions. The relevant regulations here are the Payment Services Regulations 2017. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them. So I've considered whether it's more likely than not that Miss M authorised the transactions herself, or a third party fraudster did them.

If a third party fraudster carried out the transactions, they'd have had to:

- have known Miss M was going to receive a PIN and debit card, and that they'd come separately, on different dates, and in plain envelopes. I don't see how a fraudster could have known this;
- have had the opportunity to intercept them. The investigator asked Miss M if there had been any other instances of mail going missing from her home, and Miss M didn't say there had been. And although she told our investigator she didn't have a letterbox, the photo she subsequently sent showed a letterbox on the front door. So both letters, in plain envelopes, would have been put through the letterbox directly into her home by Royal Mail. I don't think it's likely that anyone else could have intercepted both the PIN and card on separate occasions;
- have known exactly how much was in Miss M's account. That's because the total withdrawn, £270, was within pence of being the total balance in Miss M's account. There were no balance checks made with the card and PIN before the disputed withdrawals, so whoever made the withdrawals knew the amount available before they started. The person who would have known this was Miss M.

For the reasons above, I don't think it's at all likely that any third party fraudster could have done this.

Miss M said that she wouldn't have wasted her time going to the locations where the cash withdrawals took place. But the travelling times between Miss M's home, the station, and the other part of the city, aren't enormous, and people travel between those locations frequently.

So I don't consider this is enough to prove that it wasn't Miss M herself who carried out the transactions.

I consider it's more likely than not that Miss M carried out the disputed withdrawals herself. For the reasons above, I can't see that it's likely that any third party fraudster could have done so in all the circumstances of this case.

Finally, in Miss M's complaint form to us, she didn't specifically complain about Halifax closing her account. But she mentioned it, so for completeness I've also considered whether Halifax acted fairly and reasonably when it closed Miss M's account. I find that Halifax acted within the terms and conditions of Miss M's account when it closed her account. It also gave her notice – which in certain circumstances it isn't required to do. So I find that Halifax didn't do anything wrong when it closed Miss M's account after the disputed transactions.

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 Miss M to accept or reject my decision before 5 February 2024.

Belinda Knight
Ombudsman