

## **The complaint**

Miss G complained because Bank of Scotland plc, trading as Halifax, refused to refund her for transactions she said she didn't make.

## **What happened**

On 5 September 2023, a new device was registered to Miss G's Halifax account. Before this was confirmed, Halifax rang Miss G about the new registration, and Miss G approved the registration of the new device. It's not disputed that Miss G did this.

Early on 7 September, two payments were made from Miss G's Halifax account, using the device which had been set up a couple of days earlier. One was for £340 and the other for £165. Both were to the same payee and were labelled "Travel."

Miss G rang Halifax the same day, and said she hadn't authorised the two payments.

Halifax asked Miss G about the new device which she'd authorised two days earlier. Miss G said yes, she'd taken the call, and had entered the code it provided, to authorise the device. Halifax also asked Miss G whether she'd been on the phone to anyone pretending to be the bank at the time, or to anyone else who was telling her to authorise the code. Miss G said no, she hadn't.

Halifax also asked Miss G whether anyone else had access to her mobile banking password, because this had been used to confirm the first disputed payment. Miss G said no, no-one else had access to her password. She said no-one else had access to her card or phone either.

Halifax refused Miss G's claim for a refund. In its final response to Miss G's complaint, Halifax said that the two disputed payments had been made using the mobile banking app, on a new device which Miss G had authorised, after a phone call to her registered number on 5 September. Halifax said that Miss G said she had answered the call, and approved the registration. The first disputed payment had also been confirmed using Miss G's mobile banking password – but she'd confirmed that no-one else had access to her banking details or passwords.

Miss G wasn't satisfied and contacted this service.

Our investigator didn't uphold Miss G's complaint. She said it wasn't in dispute that Miss G had authorised the registration of the new device, and she couldn't say how anyone else might have found out Miss G's password. So she considered Miss G had authorised the transactions.

Miss G didn't agree. She said that as no-one had her password, she felt it was an inside job by Halifax staff. She said that she'd called as soon as the money had been taken from the bank but Halifax hadn't retrieved the money. She said that she'd never given anyone her password, so she believed it was someone within Halifax.

She added that Halifax had refunded her for a different transaction for £15.99 to a telecoms company, but not for the two disputed payments. Miss G 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 G, or a third party fraudster, authorised the disputed payments.

The disputed payments were made using a new device which had been registered two days previously. So I've looked at how that was set up. The technical evidence shows, and Miss G accepts, that an automated call was made to Miss G to verify that registration. She took the call, and entered the necessary authorisation to verify setting up the new device.

I note that in Miss G's evidence to this service, she said that she hadn't known what the phone call meant, so she'd just done what it said, because it was the bank calling her. But I think it's likely that anyone who didn't understand what a phone call meant, would have contacted the bank to ask. I've also taken into account that Halifax did check with Miss G whether she'd had any calls, for example from anyone pretending to be her bank, telling her to set up this new device. She said she hadn't.

It was then two days before the disputed transactions took place. If the transactions had been made by a fraudster, it's almost certain that the fraudster would have started taking money from Miss G's account immediately. They wouldn't have waited two days before doing so.

The first disputed transaction also used Miss G's password, which she said she hadn't disclosed to anyone, and nor had she written it down. I can see from Halifax's records that there hadn't been any changes to Miss G's password, and that Halifax also checked for malware and there wasn't any. I don't know how many digits were in Miss G's password, but for a four digit numerical password there are 10,000 possible combinations. So it's most unlikely that any third party fraudster could have guessed the password correctly.

After our investigator didn't uphold Miss G's complaint, Miss G said she believes it was Halifax staff who took her money. Miss G hadn't claimed this before, and nor has she given any reason for her assertion. But I can't see that that could possibly have been what happened. First, I can't see why Miss G would have authorised a new device belonging to any Halifax employee. And customer passwords aren't recorded on bank systems with access for bank employees just to look up and use. And the same applies for this as to any third party fraudster – it's most unlikely any fraudster would have waited two days before attempting to take money. Fraudsters would take as much as they could, as soon as they could, before access could be discovered and stopped.

Finally, a Halifax decision to refund a different transaction, to a different beneficiary, isn't relevant to the two disputed transactions which are the subject of this complaint.

Taking all these factors into account, I consider it's more likely than not that Miss G authorised the disputed payments herself. So I don't require Halifax to refund her.

**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 G to accept or reject my decision before 15 March 2024.

Belinda Knight  
**Ombudsman**