

The complaint

Mr M complains that Bank of Scotland plc trading as Halifax blocked his card without informing him.

What happened

Mr M says he tried to pay for a hotel stay using his Halifax credit card, but the transaction was declined. He says his card was blocked without them informing him, which caused him embarrassment, and this meant he had to use his debit card for the transaction. He says Halifax told him they had sent a text to his UK mobile number but not his overseas mobile number. Mr M says that he uses his overseas mobile mainly. He says that upon checking his UK mobile, he had no text from Halifax, but he did have a voicemail informing him to contact Halifax's fraud department. Mr M made a complaint to Halifax.

Halifax did not uphold Mr M's complaint. They said as part of their security measures they may need to carry out additional security checks on transactions to ensure it was him using his card. They said they attempted to reach him on 29 January 2023 via a text message and a telephone call, but as they were unable to reach him a block was placed on his account, which is why the transaction was declined on 3 February 2023. Halifax said at present their systems will only accept a UK mobile phone number to be added to the mobile number category as they are only able to send a text message to a UK registered mobile number. Mr M brought his complaint to our service. He says Halifax did not act in line with The Payment Services Regulations 2017.

Our investigator did not uphold Mr M's complaint. He said the terms and conditions explain Halifax may suspend the use of the card. He said the terms don't state how Halifax will try to contact Mr M. Our investigator said that Halifax's records show that they called Mr M on 29 January 2023, but they were unable to speak to him, so they later left a voicemail. He said as Mr M didn't respond to Halifax's calls and text message the block remained on the account. He said Halifax don't write letters to advise of fraud blocks as the time taken to receive a letter would make this impractical. He said although Mr M says he didn't receive a text from Halifax, the evidence indicates this was sent. Our investigator said that although the voicemail didn't inform Mr M his account had been blocked, the message asked him to contact Halifax's fraud department, who would've made him aware of this.

Mr M asked for an ombudsman to review his complaint. He made a number of points. In summary, he sent us a decision from a different ombudsman service which he feels this supports that Halifax have made an error and they had not acted in line with the relevant payment regulations. Mr M also quoted different sections of The Payment Services Regulations 2017.

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.

Firstly, I'm aware that I've only summarised Mr M's complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

Mr M has complained that Halifax has breached The Payment Services Regulations 2017. I've taken The Payment Services Regulations 2017 into account when deciding this complaint – given that it's relevant law – but I've ultimately decided this complaint based on what's fair and reasonable. If Mr M wants a decision that Halifax has breached the Payment Services Regulations, then he'd need to go to Court.

I'd like to explain to Mr M that it is not within this service's remit to tell a business what their security procedures should be and how many attempts to reach Mr M that they should make across any method available to them. We are also unable to ask them to change their systems to allow an overseas mobile number to be entered as the preferred contact number. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Halifax to make changes to their policies and procedures, if necessary.

Mr M has provided us with a decision from a different ombudsman service. But here, I am only able to consider the merits of his complaint. This is because the circumstances of the other complaint may be different to Mr M's complaint (even if they may appear to Mr M to be similar). Our service acts as an informal dispute resolution service for complaints about financial businesses. We look at the circumstances of individual complaints and, on a case by case basis, taking into account relevant industry guidance for example, make findings about whether a financial business has failed their customer.

I've looked at The Payment Services Regulations 2017 Section 71.3 and 71.4 that Mr M has highlighted to us which shows the following:

“(3) The payment service provider must, in the manner agreed between the payment service provider and the payer and before carrying out any measures to stop the use of the payment instrument—

*(a) inform the payer that it intends to stop the use of the payment instrument; and
(b) give its reasons for doing so.*

(4) Where the payment service provider is unable to inform the payer in accordance with paragraph (3) before carrying out any measures to stop the use of the payment instrument, it must do so immediately after”.

So 71.3 is regarding what was agreed by the payment service provider (Halifax) and Mr M. This would be the terms and conditions of the account, which I'm satisfied that Mr M would have needed to agree to when opening his account with Halifax. 71.4 shows if they are unable to inform Mr M of any measures to stop the use of his card they must do so immediately afterwards.

But there is also a 71.5 which I'm satisfied is relevant here:

“(5) Paragraphs (3) and (4) do not apply where provision of the information in accordance with paragraph (3) would compromise reasonable security measures or is otherwise unlawful”.

As Halifax blocked Mr M's card as they needed to complete additional security checks then

I'm persuaded that 71.3 and 71.4 of The Payment Services Regulations 2017 wouldn't apply here as this could compromise reasonable security measures as they needed to speak to Mr M regarding additional security and that's why the block was placed on his account for security measures in the first place when he didn't respond to the voicemail or text they sent him.

I've also looked at the agreement Halifax and Mr M had as this was set out in the terms and conditions of the account. Section B2.5 of the terms and conditions has a section which is titled *"Can we stop you using your card or refuse to authorise a transaction?"*. It shows that *"We may cancel or suspend use of the card, refuse to replace or reissue a card, or refuse to authorise a transaction or type of transaction (even if your balance is under your credit limit)"* and it gives a list of possible reasons why they may do this.

I'm satisfied that the reason Halifax gave for the block is one of these reasons as they considered it necessary to protect the security of his account/card. As such, the terms also show that *"In any of the above situations we may not always be able to give advance notice of the cancellation, suspension or refusal. If we suspend use of a card for one of these reasons, we will let you use it again once we are satisfied the reason no longer applies"*. The terms also show that *"For any other transaction, you will usually find out we have refused it because the retailer will ask you to pay by another method or the ATM will not dispense cash. If this happens and you call us, we will tell you why we have refused the transaction unless the law prevents us"*. But Halifax have confirmed that Mr M did not call them.

Halifax attempted to contact Mr M prior to him attempting to make the card payment on 3 February 2023 as part of additional security measures. I can see from Halifax's internal systems that they tried to call him on 29 January 2023, but they were unsuccessful, so they sent a text message to Mr M's registered mobile phone. I know Mr M is adamant he didn't receive this message, but I'm satisfied that Halifax sent the message as their system shows it was sent successfully. So if Mr M did not receive this message I can't hold Halifax responsible for any network or phone provider issues which resulted in Mr M not receiving this message as this would be out of their control.

I can see from Halifax's system that they left Mr M a voicemail at 10:29am on 29 January 2023 to contact their fraud department. So Halifax made three attempts to contact Mr M via two phone calls and a text message to his registered mobile number, which I'm satisfied this was reasonable for them to do. So it follows I don't require Halifax to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 October 2023.

Gregory Sloanes
Ombudsman