

The complaint

Miss H is unhappy with the service she received from Bank of Scotland plc, trading as Halifax, surrounding the blocking of her credit card.

What happened

Miss H was on holiday overseas and found that a transaction she tried to make on her Halifax credit card was blocked, even though she'd told Halifax that she would be overseas. Miss H contacted Halifax via the mobile banking app and confirmed that the attempted transaction was genuine and asked Halifax to unblock the card.

Halifax refused and said they needed Miss H to call them to unblock the card. But Miss H couldn't do this because her mobile phone couldn't make calls when overseas. Miss H wasn't happy, especially as the prolonged block on her credit card meant that she had no access to money while overseas. So, she raised a complaint.

Halifax responded to Miss H and confirmed the transaction had been flagged by their security systems and that their process was that they needed to speak with the card holder to verify the transaction and that it wasn't possible to verify the transaction via other means. Miss H wasn't satisfied with Halifax's response, so she referred her complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Halifax had acted unfairly in how they'd managed the situation and so didn't uphold the complaint. Miss H remained dissatisfied, so the matter was escalated to an ombudsman for a final 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.

Fraud prevention systems are used by all financial institutions to flag account activity that may be of concern and to prevent further usage of an account where it's felt that there is a possibility that fraud may be potentially occurring. Indeed, it must be noted that financial institutions such as Halifax have an obligation to employ such systems to comply with banking regulations which require banks to have systems in place to protect their customers' accounts, as much as possible, from acts of attempted fraud.

Additionally, it's incumbent on banks to employ these systems with a degree of vigilance – to err on the side of caution, as it were – which unfortunately means that there will be instances where legitimately authorised transfers are flagged erroneously by the fraud prevention systems. And I'm satisfied that this is what happened in this instance.

Miss H feels that because she informed Halifax in advance that she was going overseas, that Halifax shouldn't have blocked any transactions she attempted to make. But the risk of potential fraud remains, regardless of where a person is, and it isn't the case that a customer informing a bank they will be overseas means that bank will suspend any fraud prevention

systems they have in place. Accordingly, I don't feel that Halifax did act unfairly by flagging the transaction Miss H attempted to make while overseas as they did.

Miss H is also unhappy that Halifax's process required her to speak with them via telephone – which Miss H couldn't do because her phone couldn't make calls while overseas – and that Halifax wouldn't allow her to verify the transaction via the mobile banking app.

But it's for Halifax to set their verification requirements and security processes, and they're under no obligation to make any exceptions to their processes as Miss H would have liked. And given that it is a security process triggered by a fraud prevention system, it doesn't seem unreasonable to me that Halifax would insist on speaking with their customer either in person or by phone and wouldn't allow verification by non-spoken means.

Additionally, it wasn't Halifax's fault that Miss H travelled overseas, expecting to spend solely on her credit card, but without the means to telephone the UK to speak with Halifax if access to that card was restricted in any way. And I feel that it was for Miss H to have understood the risk that her credit card might be restricted while she was abroad and what steps she would need to take – such as telephoning Halifax in the UK – if that were to happen.

Miss H has also said that she was unable to use her credit card for the remainder of the time that she was abroad, and that she had no alternative access to money. But Halifax have been able to demonstrate that they didn't block the card beyond the transaction that was flagged by the fraud prevention system and that Miss H did use the credit card again while she was overseas. And Halifax have also shown that Miss H also used a debit card while overseas, which I'm satisfied confirms that she did have access to money via that debit card, as an alternative to her credit card.

All of which isn't to say that Miss H wasn't inconvenienced and frustrated by her card being blocked because of the flagged attempted transaction. But it is to say that I don't feel that Halifax did anything wrong or unfair by blocking that transaction or by not allowing Miss H to verify the transaction without speaking with them. Accordingly, I feel that any inconvenience and frustration that Miss H felt was an unfortunate but necessary consequence of Halifax following a reasonable process and Miss not having prepared for such an eventuality.

I realise this won't be the outcome Miss H was wanting, but it follows that I won't be upholding this complaint or instructing Halifax to take any further action. I hope that Miss H will understand, given what I've explained, why I've made the final decision that I have.

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 H to accept or reject my decision before 10 October 2023.

Paul Cooper
Ombudsman