

The complaint

Miss F complains that Bank of Scotland plc trading as Halifax didn't do enough to protect her when she fell victim to a scam - or treat her fairly afterwards.

What happened

In February 2020, Miss F fell victim to an investment scam. She'd been looking to invest a sum of money that she was intending to be used to provide for her family's future.

Having found some suitable looking investments online, Miss F sent a first payment of £20,000. This was made on 21 February by Faster Payments bank transfer from her Halifax account. A few days later, on 24 February, she sent a further £10,000 payment.

On the date of this second payment Miss F started to have doubts. She called Halifax and explains she spoke to the call handler for around 90 minutes. However, she wasn't transferred to the specialist fraud team, and the scam wasn't uncovered.

Furthermore, while it appears the payment had temporarily been placed on hold, Miss F's partner was tricked by the scammer into believing the investment was genuine after all. That led to Miss F later calling Halifax back saying she was no longer worried it was a scam. Miss F explains the payment was then released without further question.

Initially all seemed to be as expected. But a few months later, Miss F was unable to access the supposed investment online – the website was no longer available. She realised this had been a scam after all, and she reported it to Halifax.

Halifax is a signatory of the Lending Standards Board's Contingent Reimbursement Model (the CRM Code) which requires firms to reimburse customers who have been the victims of APP scams like this in all but a limited number of circumstances. The CRM Code includes timescales that a firm is required to meet.

Initially, Halifax didn't refund Miss F for the money she'd lost. What's more, Miss F says that, besides receiving a single text message, the onus was on her to constantly chase Halifax for an answer. It was only the following year, in early 2021, when her case was escalated that she was told she'd be refunded in full.

In its final response Halifax said it was sorry it hadn't got things right from the outset. It was now willing to refund her in full. It offered to reimburse the money she'd lost, plus interest at the account rate. In recognition of the poor service she'd received it offered an additional sum of £130.

Miss F didn't think £130 was a fair reflection of what she'd been through. In particular, she said:

- When she'd first called, on 24 February, she wasn't transferred to a specialist fraud call handler, and Halifax now accepted this had been wrong. Had this happened at the time the scam and all the consequences might have been avoided;

- When she'd called back to retract the concerns she'd raised initially, there was no questioning or attempt to check that everything was legitimate, the payment was just released, despite being an unusual payment for her;
- When the scam eventually came to light, she'd been left without updates and had to constantly chase to find out what was happening. She'd been left unsure whether she'd ever receive any of her money back and every time she had to call had felt physically sick with the worry and anxiety this situation was causing her;
- In one call she'd felt patronized by the staff member, and been told the bank was trying to work out if she was responsible for the loss, when she was already very distressed by what had happened;
- The stress and anxiety seriously affected her health and made an existing chronic condition significantly worse. She'd had to seek medical advice from her doctor. When Covid-19 had hit Miss F had been unable to work which meant she'd had to rely on her remaining savings to get by, and her general confidence had taken a serious knock. She is still recovering from everything that happened;
- When the case did get escalated in early 2021, everything was quickly sorted out and it was accepted that the bank was at fault in a lot of what had happened. Halifax's complaint handler had told her this outcome ought to have been reached far earlier, which could have avoided the distress and anxiety she'd suffered.

Our investigator reviewed what had happened. He agreed with Miss F that the figure of £130 wasn't a fair offer of compensation in all the circumstances she'd described. While he accepted that some of the distress and inconvenience Miss F had suffered was due to the actions of the scammers, he thought Halifax should compensate her by a higher amount. He said that taking everything into account he recommended a figure of £500.

Halifax said it would accept the investigator's findings. It agreed to the increased compensation he had recommended.

Miss F didn't agree with our investigator that this was enough to recognise everything that had happened. She said that what she'd been through had a terrible impact on her, far more than just the time it had taken to get her money back. She thought Halifax had to accept a greater share of the blame for this.

So her complaint has been referred to me to reach a final decision on the matter.

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'd like to acknowledge everything Miss F has explained about the impact this scam has had on her and her family. This was a cruel and sophisticated fraud ultimately designed to steal Miss F's money and it must have been extremely distressing to have lost such a large sum. I have considerable sympathy for the situation Miss F has ended up in.

Halifax has now agreed to refund Miss F in full for the amount she lost. It's also agreed to pay interest on that amount at the account rate.

The issue outstanding, and which I must decide here, is what would be a fair award for the distress and inconvenience Miss F suffered as a result of Halifax's handling of the matter.

I've carefully reviewed everything we've been sent by both sides to this complaint. Rightly, Miss F acknowledges that the original source of her distress was the scammer who defrauded her. Had she not been the innocent victim of this crime, then she would not have had to go through everything that followed.

Of course, I cannot fairly hold Halifax responsible for the actions of the criminals who stole Miss F's money. But there is part of what happened over which Halifax did have control.

So in thinking about what is fair here, I need to consider the actions Halifax took and decide what share of the impact Miss F suffered was due to Halifax alone – and not a result of the criminal actions of the scammer or any other reasons.

Miss F called Halifax on 24 February having just made the second payment and explains that (despite speaking to the call handler at some length) she wasn't put through to the fraud team. Had this happened, she believes that the scam could have been uncovered at that point.

The evidence does indicate that the second payment could have been stopped when Miss F spoke to Halifax that day. It had only just been made by Miss F, and it appears had not yet been released. But based on what I've seen I think it was very unlikely that the previous payment (the £20,000 payment) could have been stopped at that point – because it had been sent three days earlier. I think it's also unlikely that the first payment could have been recovered three days after it had been sent - the nature of this type of scam is for the scammers to quickly move the funds on. There's nothing to indicate it might have been any different here.

So on balance, I think that while the smaller payment perhaps could have been stopped on 24 February, it doesn't appear the larger first payment would have been.

That means I don't think the whole scam could have been prevented had Halifax transferred Miss F's call to the fraud team when she first spoke to the bank. The bulk of the money would still, unfortunately, have been lost.

I've also considered how Halifax handled the later scam report – when it had become evident Miss F was the victim of an APP scam. As I've explained above, Halifax is a signatory of the CRM Code, which requires firms to reimburse APP scam victims in all but a limited number of circumstances. Of course, that doesn't mean it must always reimburse scam victims, there will be some instances where those limited number of circumstances are applicable. The CRM Code recognises that a bank will need to review each scam report, and it allows time for the bank to assess this.

Here, Halifax initially said it wouldn't reimburse Miss F. That outcome was only changed around one year after the date of the payments, and around six months after the scam was uncovered.

Miss F explains about just how much this delay affected her. Not long after she'd made the payments, the impact of Covid-19 meant her ability to continue her normal work was halted, and this meant she had to rely on her existing savings to get by. Being without the money for the time she was made this harder than it needed to be.

She has also explained in detail about how the handling of her scam claim made her feel. As an innocent victim of a scam this was already a very difficult time. She explains she felt the onus was fully on her to keep contacting the bank to find out what was happening, to the point that she thought if she hadn't kept chasing, the bank would have forgotten about her.

It's widely recognised that scams, such as this one, often have a devastating effect on the victims. So a lot is expected of a bank (both under the CRM code and otherwise) in supporting the victim of a scam, and not meeting those expectations can compound the distress caused to the victim.

I'm persuaded by the evidence here that Halifax fell significantly short of that expectation in Miss F's case. While undoubtably the bank faced challenges due to the disruption caused by Covid-19, I do not find that reasonably justifies the failure to keep Miss F adequately updated. Similarly, I don't find that can justify the initial outcome the bank reached.

All of this can only have added to what already was a very difficult time. Significantly, the worry and stress had a big impact on Miss F's health (which I will not detail here). Again, some of that is down to the scammers and not attributable to the bank.

But I am persuaded that the bank's handling of the matter made things worse for Miss F in terms of her physical and mental wellbeing as well as financially. I have carefully considered everything she's said about this and taken it all into account here.

In thinking about what is a fair and reasonable outcome in these circumstances, I have taken careful account of our approach to these types of awards, and our published guidance. Miss F has described the impact in detail, and I am persuaded that Halifax could have mitigated this impact had it acted as it should have done sooner than it actually did. Our investigator didn't think Halifax's original offer to pay £130 was sufficient and recommended it should pay Miss F the higher sum of £500.

I know Miss F would like me to award more. I've carefully considered everything she's told us, and I want to emphasise how sorry I am to hear what she has been through. But I have to reach what I think is a fair figure in all the circumstances – that includes separating out as far as possible what share of the blame should be due to Halifax and thinking about what might be most likely to have happened if things had gone differently. I know Miss F understands that I cannot fairly blame Halifax for all of her distress – for the reasons I've set out earlier, a lot of what happened was unavoidably down to the criminals who defrauded her.

I've carefully reviewed everything afresh with all of this in mind. Having done so, I think the increased figure proposed by our investigator was a fair one. In all the circumstances, I consider an award of £500 represents fair and reasonable compensation.

My final decision

For the reasons given above, I uphold Miss F's complaint about Bank of Scotland plc trading as Halifax and require it to settle her complaint as follows:

- pay Miss F a total of £500 in respect of the material distress and inconvenience caused to her by its decision not to refund in full when it first assessed her claim under the CRM Code. For clarity, if the bank's initial offer of £130 has already been paid to Miss F then it should pay the remaining balance of £370 to reach an overall figure of £500.
- make this payment within 28 days of receiving notification of her acceptance of my final decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 11 April 2022.

Stephen Dickie
Ombudsman