

The complaint

Mr S complains that Bank of Scotland plc, trading as Halifax, didn't do enough to protect him when he fell victim to a scam.

What happened

Mr S fell victim to a job scam. He was led to believe that he'd receive commission for completing tasks. But, as part of this, he was required to add his own funds.

Mr S lost £95 to the scam. This was across three payments in May 2023 for £20, £15 and £60 to a cryptocurrency exchange service. The funds were then ultimately sent on to the scammer.

Realising he'd been the victim of a scam, Mr S complained to Halifax. But it didn't uphold his complaint. It said the payments had been authorised by Mr S and that they weren't covered by the Contingent Reimbursement Model (CRM) code. It also said it couldn't help with a successful chargeback as the payments were for money transfer services and the money had been successfully deposited to the trading account before being spent.

Unhappy with this, Mr S brought his complaint to this Service. Our investigator considered the complaint, but she didn't uphold it. She concluded that Halifax hadn't acted unfairly for allowing the payments to be processed on the basis that they were low value.

Mr S disagreed with the outcome. So, the complaint has been passed to me to decide.

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.

Having done so, while I know this will come as a disappointment to Mr S, I don't uphold his complaint – I'll explain why. But, before I do, I'd like to assure both parties that I'm satisfied I have enough information to decide this case. And I'm also satisfied that both parties have been given ample opportunity to provide their submissions.

- It isn't in dispute that Mr S authorised the transactions in question, albeit unaware that the funds were ultimately going to be sent to a scammer. He is therefore initially presumed liable for the loss. However, Halifax is aware, taking longstanding regulatory expectations and requirements into account, and what I consider to be good industry practice at the time, that it should have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.
- The three payments were all for £60 or less and were sent on three different dates. I'm not persuaded there is anything about these payments that ought to have looked suspicious to Halifax. The payments were low value and wouldn't have appeared uncharacteristic compared to his usual spending habits,

- While the payments were made to a cryptocurrency exchange, this isn't in itself enough to have warranted an intervention by Halifax. Payments can be made to cryptocurrency exchanges for legitimate purposes.
- With the above in mind, I don't think it was unreasonable that Halifax's fraud prevention systems weren't triggered, and that Halifax didn't step in to prevent the scam taking place. So, I don't hold it responsible for Mr S's loss.
- As the payments were made by debit card, chargeback – a voluntary scheme set up to resolve card payment disputes between merchants and cardholders - is the only recovery option. But the payments were made to a cryptocurrency exchange which provided the service it was paid for – the purchase of cryptocurrency. The fact that the cryptocurrency was later transferred elsewhere – to the scammer – doesn't give rise to a valid chargeback claim against the merchant Mr S paid.
- So, I'm also satisfied that Halifax didn't have any recovery options available to it.

While I'm sorry Mr S has been the victim of a cruel scam, and I don't doubt that this situation has been troubling for him, I don't think it would be fair or reasonable to hold Halifax liable for his loss.

My final decision

I don't uphold this complaint against Bank of Scotland plc, trading as Halifax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 October 2024.

Melanie Roberts
Ombudsman