

The complaint

Mr J complains that Bank of Scotland plc trading as Halifax (Halifax) didn't do enough to prevent the loss he suffered when he sent money to one of their customer's accounts as the result of a scam.

Mr J has used a representative to bring his complaint, but for ease of reading, I'll ascribe the representatives' comments to Mr J himself.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. Mr J says that he was the victim of a scam. He was contacted by scammers and told he was due to receive over £11M in an inheritance. But to receive the funds he needed to make certain payments first.

As a result of the scam Mr J made a series of payments between 2018 and 2021. In total he says he lost over £40,000. Some payments were made through money remittance services, and others via international bank transfers to various different accounts. The payments relevant to this complaint are those made to a Halifax account from Mr J's account with his own bank which is based outside the UK. Mr J says these payments took place between October 2019 and June 2021 and totalled around £10,500 – the largest individual payment was for around £3,500.

Mr J reported to Halifax that he'd been the victim of a scam and complained. Halifax ultimately declined to offer any redress. Mr J referred the matter to our service and it was considered by one of our Investigators. She pointed out that she couldn't consider Halifax's actions prior to 31 January 2019 (as this fell outside our jurisdiction) and for what she could consider, she didn't think that Halifax needed to do more. Mr J disagreed and asked for an Ombudsman to review his complaint.

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.

I don't think anything Halifax did regarding their monitoring of the account prior to the receipt of each payment from Mr J has impacted the loss he has suffered. I say this because the scammers tricked Mr J into paying different accounts across the extended period of time that the scam ran for. So even if Halifax ought to have acted in relation to this particular account, I don't think Mr J would have ended up in a meaningfully different position. It's most likely that had Halifax blocked or closed the account, Mr J would instead have been persuaded to continue making payments to other accounts that the scammer controlled. The evidence and use of multiple accounts across the scam supports this being the case. So, I don't think his loss was preventable in that way.

In response to our Investigator Mr J said that multiple payments being returned from a blocked or closed account would have indicated a potential problem and stopped further losses. I understand why he says this, but on balance, I'm not persuaded that, in this case, this is what would have happened. Mr J's own evidence shows that as a part of the overall scam, he paid five different individuals between September 2018 and June 2021. Even if Halifax ought to have blocked or otherwise inhibited the account – the accountholder (who was most likely complicit in the scam) would have been aware of this. And so I think it's unlikely the scammer would have requested further payments into an account that they knew they couldn't access. And the multiple changes of person / account to be paid that the scammer instructed, didn't result in Mr J discovering the scam, which as mentioned above, ran across four calendar years.

But Mr J's funds did arrive in the Halifax account. So I've gone on to consider how the funds arrived and were spent from the account. The largest individual payment was for around £3,500. And other payments were for smaller amounts as low as £700. Broadly speaking the funds were then spent / moved on from the account in the days following each payment. But in the context of the sums involved and the history of how the account had been used, I don't think the activity on the account was so unusual, suspicious or otherwise indicative of a potential problem that Halifax ought to have intervened at the time. Halifax have also confirmed that they received no other reports of a fraud or scam about the account prior to hearing from Mr J. So, there wasn't a failure to act in that regard which caused any part of the loss.

Mr J has also pointed out that an address included on the payment instruction from his bank likely didn't match that of the accountholder. He thinks this ought to have caused Halifax to have questioned the payment and investigated further. I've considered this but when applying an incoming international payment to an account, it is typically assigned according to the International Bank Account Number (IBAN) provided. It isn't clear whether Halifax would have had sight of the address details that Mr J refers to (i.e., whether this information was transmitted alongside the payment). But even if it had been, there was no obligation, nor is it standard industry practice for Halifax to have checked / examined this as a matter of course at the time of applying each payment to the account. So I can't fairly say there has been a failing by Halifax in this regard.

When Mr J reported matters to Halifax, all Mr J's funds had already been moved / spent from the account. And so anything Halifax did or didn't do, wouldn't have impacted whether a successful recovery could have been made from that account.

I'm sorry to hear Mr J lost money to a scam. But as I don't think this is something I can fairly say Halifax are responsible for, there isn't a reasonable basis upon which I can require them to do more to resolve this complaint.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 3 March 2025.

Richard Annandale
Ombudsman