

## **The complaint**

Miss A complains that Bank of Scotland plc trading as Halifax UK hasn't refunded her after she reported falling victim to a scam.

## **What happened**

The background to this complaint is well-known to both parties and so my summary of events will be brief.

Miss A joined an online prayer group in 2021. Through this she joined a WhatsApp group and was ultimately introduced to someone I'll refer to as Mr A. The pastor of the group confirmed Mr A was his relative. The two of them messaged each other and attended the same prayer meetings for several weeks.

Around the beginning of April 2021 Mr A put forward a business proposal to Miss A. He said he already worked for a parcel delivery service and that there was an opportunity to make money here, with a 10-15% return being achievable within three months.

The proposal was to enter into the parcel delivery firm's partnership opportunity and to be paid for the deliveries. Mr A said he already had access to a van and so would carry out deliveries on Miss A's behalf.

Miss A has said she had seen Mr A in his delivery service uniform and the van he drove, so she was confident about who he worked for.

Mr A also put forward a proposal for the importing and selling of gold. Mr A said he would take care of everything, and that Miss A would make 5% profit on each trade. Miss A has said she was sent photos of the gold and the prices that it could be bought and sold at. She's also explained how she checked those prices online and with merchants.

Miss A decided to proceed with both proposals. She sent Mr A a total of £9,210, with payments being made on 16 and 21 April 2021. Further payments were made in June and September 2021. She also sent money from an account elsewhere, with payments being made on 17 and 21 April 2021, totalling £34,000.

But once Miss A sent the money, she never saw any of the promised returns. Mr A kept making excuses but never paid Miss A any money. He eventually cut-off contact.

Miss A told Halifax about what had happened in November 2023 and it investigated her scam claim. It didn't think it had needed to do anything more in terms of warnings or prevention at the time payments were made, given the transactions were in line with Miss A's normal account activity. Halifax went on to say it didn't think Miss A had a reasonable basis for believing Mr A's proposals were legitimate and so it offered no refund.

Miss A was unhappy with Halifax's response and so brought her complaint to this service. She felt she'd taken enough steps to make sure the opportunities were legitimate, and she explained how she'd taken a good deal of confidence in the fact she'd met Mr A through her prayer group, with the pastor confirming a family connection.

One of our investigator's considered the complaint and recommended it be upheld in part. He agreed with Halifax's position on Miss A's reasonable basis for belief. But he felt it ought to have given Miss A a warning when she made the second payment (for £4,000) toward the scam. He could see no evidence of one being provided and saw nothing to suggest Miss A

wouldn't have heeded such a warning and so he said Halifax should reimburse 50% of Miss A's loss from that point.

Halifax accepted the investigator's findings. Miss A agreed that Halifax should bear responsibility but disagreed that she'd lacked a reasonable basis for belief and so the complaint has been passed to me.

### **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, I'm reaching the same outcome as our investigator and for broadly the same reasons.

The starting point at law is that Miss A is responsible for any transactions made from her account which are properly authorised. This is set out in the Payment Service Regulations (2017) and confirmed in Miss A's account terms and conditions.

Halifax is, however, a signatory to the Lending Standards Board's Contingent Reimbursement Model (CRM) Code. The Code is in place to see the victims of scams reimbursed in most circumstances. But there are exceptions to reimbursement a firm like Halifax can rely on to deny a refund. Halifax believes one such exception applies here but has now accepted it fell short in terms of protecting Miss A, which is why it's agreed to the refund recommended by our investigator.

Our investigator said Halifax didn't meet the Standards for Firms set out within the Code, having not provided adequate warnings and interventions at the time payments were being made and where there was an identifiable scam risk, which means it is responsible for refunding at least some of Miss A's loss. It's agreed and I find that a fair and reasonable outcome.

Halifax has always said Miss A didn't hold a reasonable basis for believing the proposals from Mr A were legitimate which, broadly speaking, is an exception to reimbursement under the Code. I believe Halifax's position here is fair and reasonable, so I won't be telling it to refund Miss A more than 50% agreed. There are a few key reasons for my findings here:

- It doesn't appear there was any paperwork, contracts, receipts, invoices, or anything else someone might expect in entering into a form of business or investment relationship. There's little to no evidence of what was agreed, with very little detail being confirmed in any format, including the messages between Miss A and Mr A. This doesn't seem reasonable, especially when considering the sums being sent to Mr A.
- I can't see there were reasonable steps taken to verify the legitimacy of either proposal.
  - Miss A has said she checked the parcel delivery firm's website and could see they did offer some partnership arrangements. But these appear to have differed in nature significantly to the proposal put forward by Mr A, with the opportunity described online referring to a business (such as a local convenience store) collecting parcels either from customers or the delivery firm, ready for onward distribution.
  - It's unclear how the proposed activity, and Miss A's investment into it, would generate any income or how much.
  - It's unclear from where or how the gold was to be sourced, what arrangements were made for import or onward sale, that there was any existing business Mr A was a part of, or confirmation Mr A had any

experience or connections in this field.

Miss A has explained how there was a significant level of inherent trust because of how she'd met Mr A (through the prayer group) and because the pastor had confirmed the family connection. She's said how this not only informed her basis for belief, but that it made her vulnerable to the scams.

It is the case that the CRM Code has special provisions for reimbursement where it can be established that the victim was vulnerable to the extent that it wouldn't be reasonable to have expected them to protect themselves from the scam they fell victim to. But I'm not persuaded those provisions apply here. And nor am I persuaded the nature of the relationship and how it came about establishes a reasonable basis for belief.

I can accept that Miss A did consider the method of introduction to mean there was an inherent level of trust. But it was still possible for Miss A to think about the proposals, how reasonable and likely they were, and to want to see some kind of evidence of what was being promised. I think making such enquiries would have been the reasonable course of action here and I again reference the sums of money being sent to Mr A. There's nothing to suggest Miss A was unable to carry out such checks.

I am sorry that Miss A has lost such a significant sum of money to a cruel scam. It's particularly wicked that someone has preyed on her trusting nature, using her faith as a means to ingratiate themselves with her. But I find the 50% refund now agreed to by Halifax to be a fair and reasonable settlement of the complaint.

I can see Halifax did attempt to recover Miss A's money from the account it was sent to. But the receiving firm confirmed there was no money left to return.

### **Putting things right**

On Miss A's acceptance, Halifax should:

- Refund 50% of Miss A's loss from payment two onwards; *and*
- Pay interest on that sum at 8% simple per year, from the date Halifax declined Miss A's claim under the CRM Code to the date of settlement.

### **My final decision**

I uphold Miss A's complaint against Bank of Scotland plc trading as Halifax UK.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 4 February 2025.

Ben Murray  
**Ombudsman**