

The complaint

Mr O complains that Bank of Scotland plc, trading as Halifax, won't refund the money he lost when he was the victim of a scam.

What happened

In or before May 2023, Mr O found out about a cryptocurrency investment company. He was told that any money he invested would be more than doubled by the company. And so he made a number of payments from his Halifax account to an account he held with another bank, before sending it on to the investment company from there.

I've set out the payments Mr O made from his Halifax account below:

Date	Details	Amount
3 May 2023	To account with other bank	£2,500
5 May 2023	To account with other bank	£1,501
9 May 2023	To account with other bank	£2,001
15 May 2023	To account with other bank	£3,251
17 May 2023	To account with other bank	£3,501

Unfortunately, we now know the investment company was a scam. The scam was uncovered after Mr O tried to withdraw his money but was told he had to pay more money in before he could make a withdrawal. Mr O then reported the payments he had made to Halifax as a scam and asked it to refund the money he had lost.

Halifax investigated but didn't think there were any red flags in the activity on Mr O's account. So it didn't agree to refund any of the payments he had made. Mr O wasn't satisfied with Halifax's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think we'd have expected Halifax to intervene or do anything further here. So they didn't think Halifax should have to refund the money Mr O had lost. Mr O disagreed with our investigator, 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.

In broad terms, the starting position at law is that banks are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

And Mr O accepts he made the payments here. So while I recognise he didn't intend for the money to go to scammers, he did authorise the payments. And so the starting position in law

is that Halifax was obliged to follow his instructions and make the payments. So Mr O isn't automatically entitled to a refund.

Taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that in May 2023 Halifax should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

So I've considered whether Halifax should have identified that Mr O was at heightened risk of financial harm from fraud as a result of any of the payments he made here.

But the payments Mr O made here weren't for particularly large amounts, or for amounts where I would have expected Halifax to identify them as suspicious based on their size alone. Mr O had made payments out of his account for what I consider to be similar amounts in the months before he made these payments, so the size of these payments wasn't particularly unusual for his account. He'd also previously made payments to his account with the other bank from his Halifax account, so the destination of the payments wasn't unusual either. And the payments fluctuated up and down in size and were made over a period of two weeks, so were relatively spread out and didn't form the sort of suspicious pattern of behaviour I'd have expected Halifax to identify.

So I don't think it's unreasonable that Halifax didn't identify that Mr O could be at heightened risk of financial harm from fraud as a result of any of these payments. And so I don't think it's unreasonable that it didn't take any further steps or carry out any additional checks before allowing the payments to go through.

I appreciate that Mr O has been the victim of a cruel scam and that my decision will come as a disappointment to him. He has lost a significant amount of money and I sympathise with the position he has found himself in. But I can only look at Halifax's responsibilities and, for the reasons I've set out above, I don't think anything I would reasonably have expected it to have done would have prevented the loss he suffered.

And so I don't think it would be fair to require Halifax to refund the money Mr O has lost here.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 5 September 2025.

Alan Millward
Ombudsman