

## The complaint

Mr A is unhappy that Bank of Scotland plc, trading as Halifax, won't reimburse him money he lost after being a victim of fraud.

## What happened

As the circumstances of this complaint are well-known to both parties, I have summarised them briefly below.

Mr A wanted to book airline tickets abroad and came across a company which offered them at a price he was satisfied with. Mr A contacted the company and requested that he be allowed to make two payments in instalments for the flights, which was accepted.

Unfortunately, unbeknown to Mr A at the time, he was in fact making the payments to a person intent on defrauding him.

Mr A made the following payments, from his account held with Halifax, to the fraudster:

15 June 2023	£341
24 June 2023	£235

The fraudster then contacted Mr A and informed him they were experiencing issues with their accounts department and couldn't see the last payment he'd made. They also told him that the flight he'd booked onto was full and, by way of apology and compensation, would upgrade him to business class for an additional fee. Mr A agreed and made a further payment from his Halifax account to the fraudster:

27 June 2023	£301
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Responses from the fraudster eventually ceased and so Mr A contacted the airline directly to check the booking. The airline refuted some of the information Mr A had been provided and it was at this point Mr A realised he'd been the victim of fraud.

Mr A reported the fraud to Halifax. It carried out an investigation of Mr A's claim and reached out to the beneficiary bank in order to recover the lost funds. £6.66 was recovered from one of the beneficiary accounts, but no funds remained in the other.

Halifax responded to Mr A's claim having considered it against the principles of the Contingent Reimbursement Model (the CRM Code) but concluded Mr A was liable for the funds lost. It pointed out that Mr A ought to have done more to protect himself from the fraud. It also concluded that it had done enough in warning Mr A when he processed the payments.

Mr A, unhappy with Halifax's response, referred his complaint to our service for an independent review. An Investigator considered the evidence and testimony provided by

both parties, but concluded Halifax had made no error in its assessment.

Mr A didn't agree with the Investigator's assessment and recommendations, so the matter has now been passed to me for a decision to be made.

### **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 deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

When thinking about what is fair and reasonable in this case, I've considered whether Halifax should have reimbursed Mr A under the provisions of the CRM Code and whether it ought to have done more to protect Mr A from the possibility of financial harm from fraud. I'm persuaded that Mr A has fallen victim to a scam. But this isn't enough for him to receive a refund of the money under the CRM Code. The Code places a level of care on Mr A too.

Under the CRM Code, a bank may choose not to reimburse a customer if it can establish that:

- The customer made payments without having a reasonable basis for believing that: the payee was the person the Customer was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate.

#### *Did Mr A make the payment with a reasonable basis of belief?*

Mr A says that he chose not to carry out any due diligence on the business he'd contacted as he remembered the name of the business from a previous legitimate booking he'd made – albeit this business had a slightly differing name. While I can appreciate why this lowered Mr A's guard, considering the passage of time from his last booking—which was several years prior—I would reasonably have expected him to confirm this by comparing the information on his previous booking with that of the company he was corresponding with. Or, at the very least, confirm again he was dealing with a legitimate firm through basic research.

Prior to making the first of the three payments, Mr A was sent an invoice by the fraudster that ought to have caused concern. The invoice bared the logo and company details of a third-party business, and not that of the purported business Mr A was corresponding with. Furthermore, Mr A has provided two invoices for this payment. One containing a booking with his name and another, with the identical flight details, containing a distinctly different passenger name and invoice number. This ought to have concerned Mr A, but it doesn't appear this was questioned or challenged.

Mr A was also sent the banking information where he was to make the payment via a messaging platform, rather than it being attached to the invoice from the third-party business. In the message containing the account information, the fraudster specifically points out that it is the company account details, yet, the account appears to be a personal account in an individual's name. Furthermore, when Mr A processed this payment, Halifax displayed a warning to him that the account name input into the payment screen didn't match that of the account where the funds were due to be paid. This was a further red flag Mr A ought to have responded to, but he continued with the payment without questioning

this.

I can appreciate that later in the payment process, Mr A contacted the airline to confirm the booking. But it's Mr A actions prior to, and at the point of, making the payments in dispute where I find he ought to have protected himself better. Mr A, by his own admission, has pointed out that the flight was significantly cheaper than other quotes he'd been provided, yet didn't make sure this was a legitimate business or react to some of the obvious red flags that had presented themselves as part of his correspondence with the fraudster. And this was despite Mr A knowing of the existence of travel scams such as this from several friends.

Mr A says that he was reassured of the legitimacy of the booking after contacting the airline and receiving confirmation of the booking and reassurances that the business he was transacting with was legitimate. Unfortunately, I am not able to corroborate what Mr A and the airline spoke of in this call. And while I have no reason to doubt Mr A's testimony, I am still of the opinion that Mr A ought to have done more to protect himself considering the numerous concerning indicators present.

As such, I agree that Mr A didn't hold a reasonable basis for believing he was dealing with a legitimate company, or that he was paying for genuine services.

*Should Halifax have done more to prevent the payments from being made?*

The CRM Code requires Halifax to take reasonable steps to protect its customers from scams. This includes being on the lookout for, and helping to prevent, payments that could involve fraud or be the result of a scam. Where they identify potential scam risks, Halifax are required to provide effective warnings.

So, I've considered whether the payments Mr A made were so unusual or out of character that I think Halifax should've been concerned that they may have been the victim of a scam and intervened. In this case, I'm not persuaded it ought to have been concerned.

Firms, like Halifax, have a difficult balance to strike in detecting unusual activity, such as payments that carry a higher than usual risk of fraud against its obligation to make payment in line with its customer's instruction promptly. This is particularly so where a firm is processing millions of payments each day; it therefore wouldn't be reasonable to expect a payment provider to check each one.

In this case, while Mr A was making payments to new payees, they were for relatively low value. I don't say that to diminish the loss suffered by Mr A; I know this has been significant to him. But Mr A regularly made payments from his account for the values he's paid to the fraudster here. They therefore didn't stand out or look unusual when comparing them to his normal account activity.

Furthermore, the three payments made were over the course of twelve days. So they weren't paid in quick succession of each other: something that is typically seen in cases of fraud.

For these reasons, I don't find that the payments were concerning enough that Halifax ought to have intervened and provided an effective warning.

### **My final decision**

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or

reject my decision before 21 November 2024.

Stephen Westlake  
**Ombudsman**