

Complaint

The estate of Mr D complains that Halifax didn't pay a refund after it was told that Mr D had fallen victim to a scam. This complaint has been brought on behalf of Mr D's estate by his son.

Background

From late 2021 onwards, Mr D was in contact with a man, Mr C, who said he was a representative of an investment firm. That firm claimed to offer a platform that allowed investors to buy and sell holdings in a wide range of cryptocurrencies. Mr C said he was helping Mr D to make investments in cryptocurrency using that platform. Unfortunately, although Mr D didn't realise it at the time, he wasn't dealing with a genuine company but with a fraudster. Mr D appears to have made other payments to invest in cryptocurrency, which weren't part of this scam. Nonetheless, his losses from the scam were considerable.

Sadly, Mr D passed away in 2023. This complaint is brought by his son, who represents the estate. After discovering the financial losses Mr D had suffered, he reported the matter to both the police and Halifax. The bank declined to reimburse the payments. It said it had blocked some of the transactions and warned Mr D about the risk of fraud. But Mr D was happy to proceed and said he didn't want future payments to be blocked in the same way.

Mr D's son wasn't happy with that response and so the complaint was referred to this service. An Investigator looked into the matter but didn't uphold the complaint. Mr D's son was unhappy with the Investigator's findings, so the complaint has been passed to me to consider and reach a final decision.

Findings

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 a bank is expected to process payments and withdrawals that a customer authorises, in line with the Payment Services Regulations 2017 and the terms and conditions of the account. However, that isn't the end of the matter. Good industry practice required Halifax to be alert to account activity or payments that were unusual or out of character and might indicate a fraud risk. Where such payments were identified, I would expect the bank to take steps to protect its customer. That might mean providing a warning as part of the payment process or contacting the customer to find out more about the payment.

We now know that Mr D had been targeted by a fraudster. The question I have to consider is whether that should have been apparent to Halifax at the time, based on what it knew and what it found out when it contacted Mr D to discuss the payment activity on his account. Several of these payments demonstrated clear fraud risks. Halifax spoke to Mr D on at least two occasions in connection with them. I've had the chance to listen to recordings of those calls. He reassured the bank that he was sending money to a well-established cryptocurrency firm, that he'd been investing in cryptocurrencies for around five years, and

that any funds he'd transferred had always safely arrived in his e-wallet. The bank's call handlers also warned him about commonly occurring scams at the time but were satisfied with his answers and allowed the payments to be processed.

Significantly, Mr D appears to have previously made legitimate payments relating to cryptocurrency from this account. For example, the earliest payment I can see to a cryptocurrency exchange was in July 2021. I can also see that withdrawals from his e-wallet were paid back into his Halifax account on several occasions in September and October 2021. As I understand it, all of this activity came before he'd had any dealings with Mr C. Mr D's answers to the bank's questions and his payment history gave the impression that he was someone with a great deal of experience and knowledge when it came to cryptocurrency investments. In view of that, I don't think it would've been unreasonable for the bank to decide that the risk of fraud with these payments wasn't particularly high and to allow them to be processed.

I know that my findings on this will be greatly disappointing to Mr D's family. I recognise that bringing this complaint must have been especially difficult in the circumstances, and I don't underestimate how distressing it must have been to uncover the losses he suffered. Nothing I've said here is suggesting that Mr D wasn't the victim of fraud – he clearly was. But being the victim of fraud doesn't, on its own, mean a refund must be paid. I need to be satisfied that Halifax did something wrong and that this failing led to the loss. Overall, I don't think Halifax acted unreasonably in allowing these payments to go through.

Final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr D to accept or reject my decision before 23 April 2025.

James Kimmitt
Ombudsman