

The complaint

Mrs S is complaining about Bank of Scotland plc trading as Halifax because it declined to refund money she lost as a result of fraud.

What happened

Sadly, Mrs S fell victim to a cruel investment scam. She was introduced to what she thought was a genuine investment opportunity and she paid in amounts from time to time when she could afford to. When she wasn't able to withdraw the profits she thought she'd made, she realised it was a scam.

Mrs S originally paid into the scam investment from a joint account, making nine payments between May 2021 and May 2022. She's asked us not to consider a complaint about these payments for personal reasons. She then switched to making payments from an account in her sole name and these are the payments at the heart of this complaint:

No.	Date	Amount £
1	12 Aug 2022	5
2	22 Aug 2022	5
3	22 Aug 2022	570
4	6 Sep 2022	1,000
5	6 Sep 2022	5
6	21 Nov 2022	3,000

Of these payments, payment 2 went to a known cryptocurrency exchange. The others went to a payment services provider that also offers a cryptocurrency exchange. I understand all the payments purchased cryptocurrency in Mrs S's own name that was then moved on to the scammer.

Our investigator didn't recommend the complaint be upheld. They didn't think Halifax had any particular reason to view these payments as suspicious and that it wasn't required to provide detailed warnings about frauds and scams before processing them.

Mrs S didn't accept the investigator's assessment. She says the transactions were out of character and they were only staggered over time because she paid into the investment only when she could afford to. She's unhappy Halifax never asked her about the reasons for the payments and believes the scam would have been stopped if it had. Mrs S also provided a screenshot showing payments to the scam from the joint account.

The complaint has now been referred to me for review.

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've reached the same overall conclusions as the investigator, and for broadly the same reasons. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

In broad terms, the starting position at law is that a bank such as Halifax is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

In this case, there's no dispute that Mrs S authorised the above payments.

In making her complaint, Mrs S has referred to the provisions of the Contingent Reimbursement Model (CRM) Code. But the code doesn't apply to these payments as Mrs S was transferring money to other accounts in her own name.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Halifax also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Halifax acted fairly and reasonably in its dealings with Mrs S.

The payments

It's not reasonable or practical to expect a bank to question every transaction, or even all those to a cryptocurrency exchange, made by a customer. Having considered what Halifax knew about the above payments at the time it received Mrs S's instruction, I'm not persuaded it ought to have been particularly concerned about them.

In addition to the fact only payment 2 went to a cryptocurrency exchange – the others went to a payment services provider that provides a variety of services, meaning Halifax didn't necessarily know the payments were to purchase cryptocurrency – the payments were for comparatively small amounts and were spaced out over a period of time. As Mrs S has demonstrated, she also had a history of making payments to the cryptocurrency exchange from her joint account.

I must take into account that many similar payment instructions received by Halifax will be entirely legitimate. And based on the circumstances of the payments in this case, I don't think there were sufficient grounds for Halifax to think Mrs S was at risk of financial harm from fraud when she made the payments. So, I can't say it was at fault for processing them in line with her instructions.

While Mrs S has asked that we don't consider a complaint about the payments made from her joint account, she has provided details to support this complaint. But I don't think this information helps her case. It shows another succession of smaller payments over a protracted period that I don't believe should have caused Halifax any particular concern. If anything, the bank could reasonably have viewed the payments in this complaint as the continuation of an established pattern of payments and therefore viewed them as presenting a lower risk of fraud.

I'm not disputing that Mrs S might have realised she was being scammed if Halifax had called her to discuss the payments as she's suggested. My point is rather that there was nothing about the payments that I believe should have prompted an intervention of this type.

I want to be clear that it's not my intention to suggest Mrs S is to blame for what happened in any way. She fell victim to a sophisticated scam that was carefully designed to deceive and manipulate its victims. I can understand why she acted in the way she did. But my role is to consider the actions of Halifax and, having done so, I'm not persuaded these were the cause of her losses.

Recovery of funds

I've also looked at whether Halifax could or should have done more to try and recover Mrs S's losses once it was aware the payments were the result of fraud.

Mrs S transferred funds to legitimate accounts in her own name. From there, she purchased cryptocurrency and moved it onto a wallet address of her choosing (albeit on the scammers' instructions). If Halifax tried to recover the funds, it could only have tried to do so from Mrs S's own account and it appears all the money had already been moved on and, if not, anything that was left would still have been available to her to access.

I'm also conscious that Halifax wasn't told about the scam until a considerable time after most of the payments were made. It's a common feature of this type of scam that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery.

With these points in mind, I don't think anything that Halifax could have done differently would likely to have led to those payments being recovered successfully.

In conclusion

I recognise Mrs S has been the victim of a cruel scam and I'm sorry she lost such a large amount of money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I think Halifax acted fairly and reasonably in its dealings with her and I won't be telling it to make any refund.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 28 March 2025.

James Biles
Ombudsman