

The complaint

Mr L complains that Bank of Scotland plc, trading as Halifax, won't reimburse him money after he says he was defrauded.

What happened

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

Mr L required the services of an engineer to install a heating system within his property. He decided to employ the services of a business he'd used previously, and it agreed to carry out the work. A representative of the business provided Mr L an invoice for the work to be completed and instructed payment to an account.

Mr L made the following payments from his Halifax account in payment of that invoice:

1. 13 March 2023 - £10
2. 14 March 2023 - £490
3. 26 April 2023 - £1,500
4. 04 May 2023 - £2,200

After the system was installed Mr L attempted to use it, but it didn't work. When he tried to contact a representative of the business, he failed to get a response. Mr L had to employ the services of another company to rectify the issues, and he reported the matter to Halifax as he felt he'd been defrauded by the business.

Halifax looked into Mr L's complaint but didn't uphold it. In summary, it concluded the matter was more likely a civil dispute between Mr L and the business to which he paid. It therefore found that it wasn't liable to reimburse Mr L his loss.

Mr L remained unhappy with Halifax's handling of his complaint, so he referred the matter to our service for an independent review. An Investigator considered the evidence and testimony provided by both parties, but agreed with Halifax's assessment that the matter was more likely a civil dispute than a fraud.

Mr L continued to disagree, so the matter has now been passed to me for a final 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.

Before explaining what I've decided and why, I wanted to address a separate issue Mr L has raised in relation to his complaint.

Mr L has also raised concerns regarding an additional payment made to the business after the installation of the heating system; this was for modifications to the existing work.

However, our service has already considered this complaint and an Ombudsman has issued a final decision on this matter.

As a final decision has been issued, it would be inappropriate for me to consider this complaint again. I have therefore not referred to it in my findings.

Considerations

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.

It's not in dispute that Mr L made the payment in dispute. So, in accordance with the Payment Services Regulations 2017 Mr L is presumed liable for the loss in the first instance.

However, Halifax is a signatory to the Lending Standards Board's Contingent Reimbursement Model (the CRM Code). Under that Code, firms are expected to reimburse customers who fall victim to fraud, subject to a number of exceptions.

However, the CRM Code is only relevant if I'm persuaded Mr L did fall victim to a fraud. The Code doesn't cover certain types of disputes. It says:

"This Code does not apply to...private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier".

Likewise, even had the payments not fallen within the scope of the CRM Code, Halifax has no liability to reimburse Mr L his loss from a bank transfer where the matter is deemed a civil dispute rather than a fraud.

Was Mr L likely a victim of fraud?

Having considered the evidence available on this case carefully, I'm not persuaded Mr L was the victim of fraud here.

Mr L employed the services of the business after he had used them before. This meant that the business had previously carried out work for Mr L, and the services provided were to Mr L's satisfaction.

Furthermore, the business has been registered on Companies House since 2019. And open resource checks don't reveal any obvious signs that the business was operating illegitimately, or that it was defrauding other customers. Overall, I'm satisfied the business appears to have been legitimate at the time Mr L paid it.

It's also relevant that once paid, the business attended the property and installed the heating system it had been paid to install. I find it unlikely that a person intent on defrauding an individual would carry out the work as requested where a significant deposit had already been paid.

Mr L has told our service that he didn't realise until sometime after the installation—due to good weather—that the heating system didn't work. It is therefore difficult to know exactly when this fault occurred, and I must be open to the possibility that this happened after the installation took place.

Overall, I'm not satisfied Mr L has been the victim of fraud here. The evidence available suggests that the business he was dealing with was legitimate, and the services paid for were provided.

While I acknowledge there was a fault in Mr L's heating system after its installation, it doesn't automatically follow that the business set out with an intention to defraud him. It's equally possible that there was an unintentional error in the installation, or that something outside the business' control caused a fault in the system after its installation. And as such, it would be unreasonable to expect Halifax to reimburse Mr L for any loss incurred.

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 L to accept or reject my decision before 8 May 2025.

Stephen Westlake
Ombudsman