

The complaint

Miss W complains that Bank of Scotland plc (trading as Halifax) did not reimburse the funds she lost to a scam.

What happened

Miss W was introduced by some friends to an investment company where she could both invest and take lessons in investing. She went to some in person conferences run by the head of the company, and made the following transfers from her Halifax account to either her own cryptocurrency wallet or to the investment directly:

Date	Amount	Status
23/07/2021	£735	
19/11/2021	£771	<i>Refunded</i>
22/11/2021	£770.80	<i>Refunded</i>
25/11/2021	£782.190	<i>Refunded</i>
04/01/2022	£175	

After some time, Miss W stopped receiving returns. She became ill at the end of 2022 so did not raise a complaint until March 2024. By this time, she said it was widely accepted that the company she invested in was operating as a scam. Halifax issued a final response letter in which it explained it had not yet completed its investigation but gave referral rights for Miss W to bring her complaint to our service.

She did so, and in that time, Halifax confirmed it had refunded three of the payments, outlined in the table above, as they were covered under the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code, which gives additional protection to victims of scams.

However, the initial payment of £735 and the final payment of £175 were made to Miss W's own cryptocurrency wallet, before being passed onto the scammer. Because of this, they were not covered under the CRM code, and Halifax did not agree they needed to reimburse Miss W with these payments.

Our Investigator looked into the complaint and explained the remaining two payments were not suspicious in their value and the pattern of the payments was not unusual. And while they recognised Miss W had some health issues in late 2022, the scam payment occurred before then, so she was not vulnerable at the time of the payments. With this in mind, they did not recommend reimbursement.

Miss W's representative disagreed with the findings. They felt Halifax was the financial expert and should have questioned Miss W about the payments, and if they had done so, the scam would have been revealed.

As an informal agreement could not be reached, the complaint has been passed to me for a final decision.

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 reviewed the evidence available to me, I have come to the same outcome as the Investigator, for the same reasons. I'll explain this in more detail.

Firstly, I agree that the remaining two payments that have not been included in Halifax's refund are not covered by the CRM Code. But this does not mean Halifax does not have a duty of care to protect its customers from potential financial harm.

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 be good industry practice at the time.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Miss W authorised the payments in question as she believed they were for a legitimate investment. So, while I recognise that she didn't intend the money to go to scammers, the starting position in law is that Halifax was obliged to follow Miss W's instruction and process the payments. Because of this, she is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Halifax did enough to try to keep Miss W's account safe.

I've reviewed Miss W's statements to consider whether the scam payments were so unusual or out of character when compared to her genuine account activity that I think Halifax should have intervened prior to processing them. Having done so, I just don't think the value or pattern of the payments was unusual enough to warrant any form of intervention. While I recognise the loss has been significant for Miss W and I don't want to detract from that, the overall value of the payments is not significant enough that I think Halifax should reasonably have had concerns she could be the victim of financial harm. Because of this, I don't think Halifax missed an opportunity to meaningfully reveal the scam.

I note Miss W's representatives have highlighted that she had significant health issues in late 2022, and I'm sorry to hear Miss W went through such a difficult experience. I have to consider that her illness occurred after the payments in question, so I cannot expect Halifax to be aware of these vulnerabilities and treat her accordingly when the transactions took place.

I understand that this will be very disappointing for Miss W, and I recognise that she has been the victim of a cruel and manipulative scam. But I do not consider that it would be fair to hold Halifax responsible for her loss, so I won't be asking it to refund any of that loss to her.

My final decision

I do not uphold Miss W's complaint against Bank of Scotland plc (trading as Halifax).

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 29 May 2025.

Rebecca Norris
Ombudsman