

## **The complaint**

Mrs A complains Bank of Scotland plc trading as Halifax won't refund the money she says she lost to a scam.

## **What happened**

The background to this complaint is well-known to both parties, so I won't repeat it in detail here. In summary, Mrs A says she fell victim to an investment scam after investing over £40,000 with the alleged scammers into what she believed to be a property development company. She argues it was a Ponzi-style scheme and the alleged scammers only completed some developments in line with their mandate in order to attract investors. Mrs A ultimately argues it had all the hallmarks of a scam.

Halifax looked into the complaint but didn't uphold it because it said it was more a civil dispute than a scam. So, Mrs A brought her complaint to our service. Our Investigator reviewed the complaint and did not uphold it because they also thought the evidence showed this was a civil dispute.

However, Mrs A disagreed with this and so the complaint has been passed to me to issue a 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 done so, I have decided to not uphold this complaint. I know this will be disappointing for Mrs A, so I'll explain why.

I'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focused on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I am sorry to learn of Mrs A's loss of funds. However, it would only be fair for me to tell Halifax to reimburse her for her loss (or a proportion of it) if: I thought it reasonably ought to have prevented all (or some of) the payments she made, or Halifax hindered the recovery of the payments Mrs A made – whilst ultimately being satisfied that such an outcome was fair and reasonable for me to reach.

Banks have various and long-standing obligations to be alert to fraud and scams and to act in their customers' best interests. These are predicated on there having been a fraud or scam. So, the first consideration in determining Halifax's obligations would be whether there is evidence to show Mrs A has been scammed.

As highlighted by Mrs A, Halifax has signed up to the voluntary Contingent Reimbursement Model (CRM) Code - which provides additional protection to scam victims. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances). But the CRM Code only applies if the definition of an APP scam, as set out in it, is met.

I have set out the definition of an APP scam as set out in the CRM Code below:

...a transfer of funds executed across Faster Payments...where:

- (i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or
- (ii) (ii) The Customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent.

CRM is not retrospective and so I will only be considering this in relation to the payments Mrs A made after on/after 28 May 2019. Having considered whether these particular payments Mrs A made to the investment fall under the scope of an APP scam as set out above, I don't think they do.

To determine if Mrs A has been the victim of a scam, I have to consider if her intended purpose for the payments was legitimate, whether the intended purposes Mrs A and the investment firm were broadly aligned and, if not, whether this was the result of dishonest deception on the part of the firm.

Based on the evidence available to me, it seems Mrs A was intending for the funds to be invested in specific building projects around the country. The paperwork she received prior to investing also looked to be professional and detailed. The firm was also listed on Companies House as being incorporated since 2011. Such a situation is not what we normally see from this type of investment scam. So, I see no reason why Mrs A would not have thought this was a legitimate investment she was sending her money to.

I've next considered whether the firm's intended purpose for the payments aligned with what Mrs A intended. On balance, I think what I've said above shows the company Mrs A made the payments to was a legitimate company involved in legitimate projects.

During this period in question, the firm was completing development projects around the country and I think this highlights that they intended to use Mrs A's invested monies in such development projects. So, although I've noted the concerns about the accounts not being filed since 2018 this doesn't show a scam occurred. This appears to be more of an administration issue rather than evidence of a scam.

Additionally, I do not consider whether or not unregulated introducers were used to promote the investment does indicate that the firm was setting out to defraud investors of their funds and not invest the funds into its projects.

Consequently, I'm satisfied the investment firm's intended purpose for the funds aligned with Mrs A's and nothing I have seen indicates to me that they intended to defraud her. Instead, I think it's more likely that this was a failed investment. Therefore, I don't think it meets the definition of an APP scam. And I think Halifax acted reasonably when it treated the case as a civil dispute.

For completeness, even if I was persuaded this was a scam from the outset, I do not think Halifax could have prevented Mrs A's losses. I say this because, although I do think Halifax should have intervened, such as via human intervention, before allowing the payments to be

made, I do not think it would have made any difference. I am persuaded Mrs A's belief in the investment would have impacted how she would have responded. I do not doubt her answers would have been open and honest, but they most likely would have alleviated Halifax's concerns as the investment at that time would have seemed a legitimate one (even if it later turned out to be a scam). I'm not aware of any information Halifax could or should have known at the time from which it ought to have been concerned Mrs A was being scammed.

Halifax could have given Mrs A general fraud and scam advice in relation to investing. However, I do not think I can fairly say it would have been able to give Mrs A any information that would have led her to doubt what she already knew about what she was doing, including if she'd undertaken further reasonable research at the time. So, even if Mrs A had been questioned in more detail about the investment, I do not think it would have highlighted anything that would have caused concern or led Halifax to believe Mrs A was at risk of financial harm from fraud or a scam. So, even if Halifax did intervene and tell Mrs A to conduct further checks on her investment, I'm not persuaded she would have found any negative information.

I do appreciate how disappointing this is for Mrs A. However, based upon the available evidence I don't think Halifax needs compensate Mrs A for the losses she has incurred.

### **My final decision**

My final decision is that I don't uphold this complaint against Bank of Scotland plc trading as Halifax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 24 July 2025.

Lawrence Keath  
**Ombudsman**