

The complaint

Mrs D holds/held an account with Bank of Scotland trading as Halifax (“Halifax”).

Mrs D’s complaint is about Halifax’s refusal to reimburse her money she says she lost due to a scam.

Mrs D is represented by Wealth Recovery Solicitors (“WRS”) in this matter. However, where appropriate, I will refer to Mrs D solely in this decision for ease of reading.

What happened

The circumstances of this complaint are well known to all parties concerned, so I will not repeat them again here in detail. However, I will provide an overview of events.

Mrs D says she has fallen victim to a cryptocurrency related investment scam. Mrs D says fraudsters deceived her into making payments to what she thought was a genuine investment. The payments in question were all faster payment transfers to Coinbase:

Payment Number	Date	Amount
1	22 December 2023	£1.00
2	27 December 2023	£5,000

Mrs D also attempted to make eight payments to Coinbase prior to the above on 21 December 2023. These were all declined by Halifax.

Mrs D disputed the above with Halifax. When Halifax refused to reimburse Mrs D, she raised a complaint, which she also referred to our service.

One of our investigators and a senior investigator considered the matter. They both did not uphold Mrs D’s complaint. As Mrs D did not accept these findings, this matter has been passed to me to make a decision.

What I have 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 find that the investigator and senior investigator at first instance were right to reach the conclusions they did. This is for reasons I set out in this decision.

I would like to say at the outset that I have summarised this complaint in far less detail than the parties involved. I want to stress that no discourtesy is intended by this. If there is a submission I have not addressed, it is not because I have ignored the point. It is simply because my findings focus on what I consider to be the central issues in this complaint.

Further, under the rules I must observe, I am required to issue decisions quickly and with minimum formality.

Regulatory framework

The regulations which apply in this matter are the Payment Services Regulations 2017 (“the PSRs”).

Contingent Reimbursement Model (CRM) code

It appears that the funds concerned from Mrs D’s Halifax account went to a cryptocurrency account in her name. And then, as Mrs D says, the converted cryptocurrency was sent to the fraudsters. For these reasons, the CRM code does not apply in this matter.

Was Mrs D scammed/suffered a loss?

I have been provided little by way of evidence to support that Mrs D was scammed and suffered a loss as a result. However, I have decided to proceed on the basis that, on balance, Mrs D was scammed and suffered a loss. I say this because Mrs D’s testimony does include some of the typical hallmarks of a scam; and Halifax appear to accept that Mrs D fell victim to one. Further, taking a pragmatic approach, my view is that it would not be the best use of time if I asked WRS to contact Mrs D to provide further information – only for me to reach the same outcome.

Should Halifax have recognised that Mrs D was at risk of financial harm from fraud?

It is not in dispute that Mrs D authorised the payment transactions in this matter. Generally, consumers are liable for payment transactions they have authorised. However, that is not the end of the story. This is because even if a payment is authorised, there are regulatory requirements and good industry practice which suggest firms – such as Halifax – should be on the look-out for unusual and out of character transactions to protect their customers from financial harm. And, if such payment transactions do arise, firms should intervene before processing them. That said, firms need to strike a balance between intervening in a customer’s payment to protect them from financial harm, against the risk of unnecessarily inconveniencing or delaying a customer’s legitimate transactions.

I have borne the above in mind when considering the payment transactions in this matter.

Payment 1

I am not persuaded that Payment 1 was that unusual or out of character. I acknowledge that it was cryptocurrency related in nature. However, I have weighed this against the fact that it was of very low value. Therefore, I would not have expected Payment 1 to have triggered Halifax’s fraud detection systems.

Payment 2

Mrs D was not initially able to make Payment 2. Halifax submits that it stopped Mrs D from making further payments to Coinbase after Payment 1. Consequently, Mrs D telephoned Halifax about this.

Was Halifax’s intervention in Payment 2 proportionate?

By way of a telephone call on 24 December 2023, Mrs D spoke to one of Halifax’s advisers about Payment 2 being declined (as well as the prior declined payments). Having listened to

the call, I am persuaded that Halifax intervened in Payment 2 proportionately to the risk identified to try to protect Mrs D from financial harm. However, to my mind, this intervention was frustrated by Mrs D – thereby alleviating any concerns Halifax had about Payment 2.

I say this for the following reasons.

WRS, on Mrs D's behalf, submit, amongst other things, that Mrs D was acting under the instructions of the fraudsters: "*She [Mrs D] then set up an account on the scam platform, made payments from her bank to a cryptocurrency exchange and then to the scam platform pursuant to the scammers advice.*" WRS also submit that the fraudster initially contacted Mrs D via WhatsApp, that she was part of a WhatsApp community group and that the fraudster had promised Mrs D high returns, etc. The striking feature about the call Mrs D had with Halifax is that she did not mention any of these details. In fact, Mrs D informed the Halifax adviser that she had been trading on her own and had been doing so for about two years.

WRS argue that Mrs D did not misled Halifax during the call. They contend that Halifax asked questions about Coinbase and not the investment platform concerned. Further, WRS submit that if Halifax questioned Mrs D in detail, they believe the scam would have been uncovered. I do not accept these arguments. I find that the adviser's questions were not as restricted as WRS suggest; and that they were asked against the information Mrs D provided.

During the call, the adviser asked Mrs D, amongst other things, "*You've decided yourself to purchase this cryptocurrency?*". Mrs D responded with, "*Yes, absolutely ...*". The adviser also asked Mrs D, "*At any point have you been using anyone that helps you or gives you advice, any third-party broker or, or traders?*" Mrs D confirmed that no one had been advising her. Both of Mrs D's answers to the adviser's questions were not true according to WRS' submissions to our Service.

The Halifax adviser also provided Mrs D with a robust scam warning based on the information she provided.

For these reasons, I find Halifax's intervention in Payment 2 was proportionate to the risk identified and the misleading answers Mrs D provided. Mrs D's answers frustrated Halifax's attempt to protect her from financial harm.

Recovery of funds

As Mrs D payments were made to purchase cryptocurrency – which would have been forwarded on in this form – there would not have been any funds to recover. So, I am satisfied that it is unlikely Halifax could have done anything to recover Mrs D's funds.

Vulnerabilities

Mrs D says she was going through a separation at the time of the scam. Further, she says her business was struggling, which impacted her finances and mental wellbeing.

From what I have seen, I am not persuaded that Halifax knew or ought to have known about Mrs D's personal issues at the time. Therefore, I do not find that Halifax should have dealt with Mrs D's payments any differently in this regard.

Compensation for distress and/or inconvenience

I have considered whether an award for distress and/or inconvenience is warranted in this

matter. Having done so, I am not persuaded that it is. I have not found any errors in Halifax's investigation. Any distress and/or inconvenience Mrs D has suffered is a result of the fraudster's actions – not Halifax's.

Conclusion

Taking all the above points together, I do not find that Halifax has done anything wrong in the circumstances of this complaint. Therefore, I will not be directing Halifax to do anything further.

In my judgment, this is a fair and reasonable outcome in the circumstances of this complaint.

My final decision

For the reasons set out above, my final decision is that I do not uphold this complaint against Bank of Scotland trading as Halifax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 30 April 2025.

Tony Massiah
Ombudsman