

The complaint

Miss C complains that Bank of Scotland plc trading as Halifax won't refund money she lost when she fell victim to a scam.

What happened

The background of this complaint is well known to both parties so I'll only refer to the key events here.

Miss C fell victim to a scam when she sent money to people she believed were owners of a factory for prototypes she never received. She made three payments:

25 January 2021 - international transfer of £757.92

24 January 2022 - international transfer of £767.81

25 March 2024 – card payment for £2,451.90 made through a money remittance provider (which I'll refer to as 'W')

The first payment was returned on 8 February 2021 at a total of £718.51 (due to the exchange rate and fees applied by the beneficiary bank). This was confirmed during a phone call between Halifax and Miss C in January 2022 – where Halifax provided a refund for the £9.50 fee that they applied when they processed the payment. Following this call, the payment was made again on 24 January 2022.

Miss C notified Halifax of the scam when she hadn't received any of the items ordered and they tried to recover the funds with no success. They explained that they couldn't force an international bank to return funds, and that they had followed all of the correct processes in order to try and get the money back, but ultimately it was outside of their control.

Miss C brought her complaint to our service. Our Investigator looked into everything and was of the opinion that Halifax should not have been expected to prevent the payments from being made. He didn't feel the payments were unusual or suspicious in nature given their amount, or out of character compared to Miss C's typical account activity, meaning he couldn't say that Halifax should have intervened before processing the payments.

Miss C didn't accept our Investigator's view and said she was told that international transfers would be protected should a scam take place. She also clarified that the first payment was made in error on her part and then returned. As a result, she made it again the following year (payment 2).

Because Miss C disagreed with the Investigator's view, the complaint has been passed to me.

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.

I'm very 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 focussed 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 haven't. 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.

Having considered everything, I agree with the Investigator and have decided not to uphold this complaint. I know this will come as a disappointment to Miss C, so I will explain why I have reached my decision.

It is clear in this case that Miss C has lost a lot of money. And while I do empathise with her, this doesn't automatically entitle her to a refund from Halifax. It would only be fair for me to tell Halifax to reimburse Miss C if I thought they reasonably ought to have prevented the payments, or they unreasonably hindered any recovery of the funds.

Under the Payment Services Regulations (PSRs) and the terms of the account, Miss C is presumed liable for any loss in the first instance, in circumstances where she authorises a payment. That said, in line with good industry practice, Halifax should take proactive steps to identify and help prevent transactions that appear sufficiently unusual, uncharacteristic or suspicious that could involve fraud or be the result of a scam.

However, it is important to note that there are many payments made by customers each day and so it wouldn't be realistic or reasonable to expect a bank to stop and check every payment. There is a balance to be struck between identifying payments that could potentially be fraudulent and minimising any disruption to genuine and legitimate payments.

Here, Miss C's account was typically used for relatively low value day to day transactions, with the occasional higher value payment made at times – which is common for consumers. Here, the disputed payments were relatively low in value and made years apart (so not made in rapid succession, which can be an indicator of a potential scam). Because of this, I don't think the payments Miss C has complained about were so unusual or suspicious whereby I would've expected Halifax to have had sufficient reason to suspect she might be making them in relation to a scam and therefore warranting additional checks before processing them.

I understand Miss C said she was told she would be protected if her international payments were made as a result of a scam. I have listened to the calls provided by Halifax and I can't hear that she was told this. In any event, there wouldn't usually be this type of protection in place for payments like the ones considered here. Nor have I seen any evidence to support that there was insurance in place to protect the payments made.

Overall, I haven't seen anything for me to suggest that Halifax should have intervened – to carry out additional checks - when Miss C was making the payments. And so, I won't be asking them to reimburse the funds lost.

Recovery

I also need to consider whether Halifax did enough after being advised of the scam, to try and recover the funds.

After being notified of the scam, Halifax tried to recall the payments made. The Payment made on 25 January 2021 was returned on 8 February at £718.51. This amount was lower than what was sent due to a change in the exchange rate and fees applied by the beneficiary bank.

Halifax tried to recall the international transfer made on 24 January 2022, but international payments are recalled on a best endeavours basis as Halifax have no control of the receiving bank. This means they can't force them to return the funds. Halifax have confirmed they sent all of the necessary information to the receiving bank but haven't been successful in getting the money back. Also, given the time that passed between Miss C making the

payment and reporting it to Halifax, it is most likely the money had already been removed from the beneficiary account.

The third payment was made by card and so a chargeback was raised. However, this payment had been made to a legitimate merchant, and not to the scammer directly. W provided the service Miss C paid for, and so the chargeback wasn't successful. Halifax couldn't raise a chargeback against the scammer as Miss C hadn't paid them directly.

It follows that I don't think Halifax are responsible for the funds not being recoverable.

Overall, while I strongly empathise with Miss C and what she has been through, I don't think Halifax is responsible for the losses she has suffered. So, while I know this will come as a disappointment, I don't think Halifax have acted unfairly by not refunding her.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 17 July 2025.

Danielle Padden
Ombudsman