

The complaint

Mrs B and Mrs L complain that Bank of Scotland plc (trading as Halifax) did not reimburse the funds they lost when paying a company.

What happened

Mrs B and Mrs L opened a joint account in April 2022 via an interview with a member of staff in a Halifax branch. They said the purpose of the account was for planned renovation work as they had bought a house together. They say they were offered a debit card on the account, but they turned this down.

In 2023, Mrs B and Mrs L found a company to do some work for them on the house. They paid them some money up front, £5,865.60 in April 2023 and £8,798.40 in June 2023. However, in the interim between the payments being made and the work starting, the company fell into financial difficulties and ceased trading. Mrs B and Mrs L asked Halifax to reimburse the funds, however Halifax explained that as this was a genuine company that failed, this was a civil dispute between them and the company. So, they were not covered under the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code which gives additional protection to victims of authorised push payment scams.

Mrs B and Mrs L referred the complaint to our service and our Investigator looked into it. They agreed with Halifax that this was a civil dispute and not a scam, so did not think Halifax needed to reimburse Mrs B and Mrs L in the circumstances. They also noted the comments that Mrs B and Mrs L were not encouraged to use a debit card when they opened the joint account, but they did not think Halifax could be held liable for the loss that was incurred over a year later.

Mrs B and Mrs L did not agree with the findings and said they accepted the payments they made to the company were not scam payments. They said the crux of their complaint was, in summary, that they were not given advice when they opened the joint account about how to effectively use the account, including the advantages of making debit card payments over bank transfers. And they were unhappy with the overall handling of their complaint by Halifax.

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 done so, I do not agree that Halifax need to reimburse Mrs B and Mrs L with their loss or provide compensation to them. I'll explain why in more detail.

Firstly, I want to acknowledge that Mrs B and Mrs L have been involved in an unfortunate situation, where a genuine company has had to cease trading before providing the service

paid for, and I'm sorry they've lost their money in this way.

This complaint is against Halifax, so I have to consider their actions, and whether they have made an error which has directly caused this loss. It has been accepted that the CRM Code does not apply to these transactions, as this would be classed as a civil dispute and not a scam. Mrs B and Mrs L have said that if Halifax had explained at the account opening that a bank transfer is the same as handing over cash, and a debit card payment has additional protections, they would have made the payment via debit card, which the company offered as an option.

Firstly, I've considered if Halifax made an error at the account opening when they did not explain the benefits of each payment type. While I would expect any significant terms to be highlighted, I would not have expected a member of staff to run through every feature of an account and how they work at an account opening. Different payment types have different levels of protection depending on the circumstance and purpose of the payment, and I wouldn't expect a bank to specifically run through these when an account is being opened or even when a payment is being made as standard. So, I do not think Halifax made an error when it did not specifically highlight this at the account opening interview or when it did not specifically warn Mrs B and Mrs L about it when they made the payments to the company.

Mrs B and Mrs L have also raised issues they had when they raised the complaint with Halifax, including delays and Halifax referencing an incorrect account. Halifax have highlighted points at which they did try to contact Mrs B and Mrs L about their complaint but were unable to reach them, and they have shown that early on they explained to Mrs B and Mrs L that they could not raise a scam claim for them.

On balance, I have to consider that there will be some level of inconvenience when raising a complaint to a business. While there were some gaps in Halifax responding, overall, I do not think these were so significant that it warrants compensation for any distress or inconvenience caused to Mrs B and Mrs L.

My final decision

I do not uphold Mrs B and Mrs L's complaint against Bank of Scotland plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mrs L to accept or reject my decision before 12 June 2025.

Rebecca Norris
Ombudsman