

The complaint

Mr and Mrs E complain about Bank of Scotland plc trading as 'Halifax'.

They say that they have been the victims of a scam and would like Halifax to refund them the money they have lost under the Lending Standards Board's Contingent Reimbursement Model (CRM) Code, to which Halifax is a signatory.

What happened

Mr and Mrs E were looking for someone to complete a loft conversion at their home. They found an individual on a website that contractors use to advertise, 'C'. The individual had positive reviews and initially quoted £9,000 for the work. Mr and Mrs E said that this seemed low, to which the individual said they could do a 'proper' job for £14,000.

Mr and Mrs E paid an initial £4,000 for the work, and then made three further payments, making a total of £11,000, when the individual requested funds for materials.

However, the individual then stopped attending the property, and Mr and Mrs E feel that they have been scammed.

They made a complaint to Halifax about what had happened, but it wasn't upheld. Halifax said that it was a civil dispute between Mr and Mrs E and the person they employed to do the work – which isn't covered under the CRM code.

Mr and Mrs E then brought their complaint to this Service and it was considered by one of our Investigators. They looked into things and explained that while the work was not as Mr and Mrs E expected that they agreed with Halifax that this was a civil dispute, and not covered by the CRM code.

Mr and Mrs E asked for an ombudsman to make a final decision, so 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.

Having done so, I have decided not to uphold this complaint. I know this will be disappointing for Mr and Mrs E, and I am very sorry for the situation they find themselves in.

I can fully understand that they would want to attempt to recover their money. However, my role is to decide if Halifax needs to refund them the money they have lost, and I'm afraid that I can't say that it does.

It isn't in dispute that the payments Mr and Mrs E made were authorised. Because of this the

starting position – in line with the Payment Services Regulations (PSR's) 2017 – is that Mr and Mrs E are liable for the transactions. But they also say that they have been the victims of an authorised push payment (APP) scam.

Halifax has signed up to the voluntary 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 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) The Customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent.*

“This Code does not apply to:

- b) private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier.”*

I've considered whether the payments fall under the scope of an APP scam as set out above – and having done so I am not persuaded that they do. I'll explain why in more detail.

I'm satisfied that Mr and Mrs E intended to pay the individual – and that their funds were received. So, I can't say that they were tricked into sending funds to a different person or business.

Therefore, what is left for me to decide is if the individual deliberately set out to defraud Mr and Mrs E from the outset. The threshold to prove this is high, requiring a burden of proof that is difficult to provide.

From the information I have been provided, it does appear that some of the work that was agreed was done – or at least started. So, while I accept that the work hasn't been completed to a good standard and has caused further issues for Mr and Mrs E, who now need to get further work done too which they currently cannot afford, as per the CRM code, this does not meet the definition of a scam.

The individual Mr and Mrs E employed to do the work also appears to have been operating as a genuine roofer at the time the payments were made, with positive reviews about the completed work available online. And while Mr and Mrs E say that these jobs were not as complex as their work, this still doesn't mean that the individual set out intending to scam them.

I should say that I do have a great deal of sympathy for Mr and Mrs E about what has happened – and although I am not upholding this complaint this doesn't mean that they don't have genuine reason to be aggrieved by an individual that failed to deliver what they were expecting. But in order for me to direct Halifax to refund them, I would have to agree that there was a clear intent to defraud them from the outset, rather than what appears to be an individual that took on work they then found beyond them.

As part of my review of Mr and Mrs E's complaint, this Service has gathered information from the bank that received Mr and Mrs E's money, the intention being to see if there was anything that would suggest that a scam may be taking place. While it is not possible to

release the information that has been provided, nothing I have seen suggests that this was the case.

Finally, while businesses are expected to process payments that customers ask them to make, there are occasions when it may be appropriate for a business to contact their customer if they suspect they may be at risk of financial harm.

While it could be argued that the first payment Mr and Mrs E made potentially should have triggered Halifax to get in touch with them, I am not persuaded that it would have prevented the payment from leaving their account. I have no doubt that Mr and Mrs E would have been honest and said that they were getting building work done – I think Halifax would have asked them questions about the research they had done about the builder. Mr and Mrs E had found the individual on a reputable website and seen reviews about their work – so I don't think that this would have raised any concerns for Halifax, and the payment would have debited. And as the following payments were being made to the same individual, I don't think Halifax would have had any further concerns either.

I am sorry that this is not the answer Mr and Mrs E were hoping for. They may wish to pursue different options to try and pursue the matter further. However, I cannot say that Halifax need to refund them under the CRM Code.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E and Mrs E to accept or reject my decision before 31 December 2025.

Claire Pugh
Ombudsman