

The complaint

Mrs O complains that Bank of Scotland plc won't reimburse her, after she lost funds to an investment that she now considers to have been a scam.

Mrs O is professionally represented in bringing her complaint, but for ease of reading I'll refer to all submissions as being made by Mrs O directly.

What happened

Mrs O has explained that in 2019, she was introduced to a potential investment in hotel and property development with a company I'll refer to as 'S'. Mrs O was told any capital she invested would be guaranteed and that she could receive returns of between 8% and 15%. Encouraged by this, Mrs O invested £15,000 in March 2019.

In April 2019, Mrs O received one credit back of £1,500 – however S later went into administration and is currently subject to an investigation by the Serious Fraud Office (SFO).

Believing she'd fallen victim to a scam, Mrs O contacted Bank of Scotland to raise a claim. Bank of Scotland considered Mrs O's claim but didn't uphold it. It said as S went into administration, it would consider this a failed investment, rather than a scam.

Mrs O remained unhappy and referred her complaint to our service. An investigator considered the complaint but didn't uphold it. He said that ultimately, there wasn't enough information available to him to currently conclude whether or not S was running a scam. However, even if it was, it didn't think Halifax could reasonably have prevented the payment at the time, as there wasn't anything in the public domain about S that would've caused it concern.

Mrs O disagreed with the investigator's view. She said that had Halifax contacted her and expressed concerns regarding the investment, being a lay person with no investment experience, she would've listened to its advice. She stated she is not someone who takes risks with her money, so had Halifax provided any form of warning concerning the transactions, she would have listened. She considered that the offer of guaranteed returns ranging from 8% upwards, despite S' recent incorporation, as well as S' director running a large number of other businesses ought to have prompted Halifax to raise concerns.

Mrs O also considers the investigator has not commented on, or failed to consider, the PAS Code, which she highlighted applies not only where fraud has been proven, but also where customers '*might be at risk from fraud and financial abuse*.' To summarise Mrs O's concerns, she considers that based on the payment value, Halifax ought to have made further checks and had it done so, despite not being able to prove fraud, it could have identified concerns about S, which would have prevented Mrs O's losses.

As Mrs O disagreed with the investigator's view, the complaint has been referred 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, while I'm sorry to disappoint Mrs O, I'm in agreement with the view already reached by our investigator and am not upholding her complaint.

As already set out by our investigator, I don't think we currently have enough information to say with certainty whether this was a scam or not. Further evidence may come to light at a later date as a result of the SFO's investigation – however, even if this is the case, I'd still need to consider what Halifax knew when Mrs O made her payment in 2019 and whether it should have done more to warn Mrs O about the potential of a scam, based on evidence available.

Mrs O has highlighted certain evidence that she considers ought to have alerted Halifax in 2019, had it enquired, that this was a scam, such as inflated rates of return, as well as the fact that this was an unregulated investment, and therefore not suitable to Mrs O as an inexperienced investor. However, I also have to bear in mind that at the time of making the payments, S was a registered firm that had been in operation for a reasonable period of time, was linked to several prestigious landmarks across the UK and was building a portfolio of hotels. Therefore, even if Halifax had asked the questions Mrs O has posed above and identified some concerns, I don't think it's reasonable to determine that from this, Halifax ought to have identified this as a scam, as even years later with the benefit of hindsight and criminal investigations, this is yet to be confirmed.

I appreciate Mrs O's comments that she is not one to take risks with her money and would have listened to any advice provided by Halifax – but this isn't the role of Halifax's fraud advisors. It would be for Halifax to determine if there was an identifiable scam risk and warn Mrs O against further payments, not to advise Mrs O on how to invest, or the potential risk of any investment opportunity. It seems fair to say that if Mrs O was particularly risk averse in how she invested her money, the appropriate route would be to obtain advice from a financial advisor, or place funds in more typically 'safe' routes, rather than place reliance on a bank's fraud measures.

Mrs O has also raised concerns that the investigator failed to refer to the PAS Code which covers payments where there only *might* be a fraud risk. While the investigator hasn't referenced this Code specifically, I think his view demonstrates a consideration of this principle – that is, that while it's not clear whether this was a scam, the investigator nevertheless has considered what might have happened had Halifax still intervened as it should have, based on the payment value. However, based on the available evidence, he didn't consider the scam could have been uncovered and for the reasons given above, I agree with this logic.

Therefore, while I'm sorry to disappoint Mrs O, I don't think Halifax could have identified that she was at risk of financial harm from fraud when making this payment, and it therefore follows that I don't hold it liable for her losses.

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 Mrs O to accept or reject my decision before 25 November 2025.

Kirsty Upton
Ombudsman