

The complaint

Mrs M complains that Bank of Scotland plc, trading as Halifax ('Halifax'), didn't do enough to protect her when she made a payment to a property investment opportunity that she now considers was a scam.

Mrs M brings her complaint with the assistance of a professional representative. For ease of reading within this final decision, I will refer solely to Mrs M in the main.

What happened

The background to this complaint is well known to both parties, so I won't repeat it all in detail here. But in summary, I understand it to be as follows.

Mrs M says that she was persuaded to invest with a company that I'll refer to as 'Company H' in my decision. Company H was a private rental development company which offered loan notes to investors to raise money for its projects. It was the parent company of a group of companies. Mrs M says the sale and rent of Company H's assets would later generate company income which would be used to pay investors income and capital.

In March 2019, Mrs M made a faster payment to Company H for £25,000. Mrs M also made payments to Company H, totalling £75,000, from another of her banking providers around this time also.

Company H has gone into administration. Mrs M believes the investment wasn't genuine and that she is the victim of a scam. She complained to Halifax in June 2024, advising it failed in its duty of care and failed to comply with FCA Principle 6, and it should reimburse her.

Mrs M received a response from Halifax in July 2024 that advised its investigation into the matter was taking longer than it expected. Its letter provided referral rights to this service, so Mrs M brought her complaint to this service in September 2024. Through her representative, she provided detailed evidence that she considered supported her contention that she was the victim of a scam by Company H.

Halifax subsequently issued a further response, on 11 November 2024, declining to reimburse Mrs M her loss. In short, it advised there was no conclusive evidence of fraud by Company H, and it was a firm and investment that had unfortunately failed. It also noted that there was nothing to suggest that had it spoken to Mrs M about the payment that it would have identified that it wasn't anything other than a payment towards a genuine investment in a genuine firm.

Our Investigator looked into the matter and didn't uphold Mrs M's complaint. In short, they considered that while Halifax ought to have likely intervened in the payment, given the amount, they didn't think it would have resulted in Mrs M not going ahead with the payment. They didn't consider there wasn't anything to indicate that Mrs M was potentially at risk of financial harm from fraud at the time the payment was made. And it was only recently, after Company H entered into administration, that concerns around some of Company H's actions and that it might potentially have been operating a scam were raised. But neither Mrs M nor Halifax would have known that at the time. So they didn't consider Halifax should have fairly and reasonably refused to proceed with the relevant payment instructions or that it was liable in any way.

Mrs M disagrees and maintains that her complaint should be upheld. She says that Halifax failed to comply with PAS 17271:2017 (the PAS Code) and FCA Principle 6. She's said Halifax should've asked to see correspondence she received from Company H and considered the delay in Company H filing accounts. Mrs M has also explained why she thinks Company H was operating a scam and a Ponzi scheme.

In particular, Mrs M has referred to high commissions paid to introducers and to high interest rates. And she says Administrators for Company H haven't offered any conclusions on the inter group transactions that are being investigated and certainly haven't concluded there was nothing irregular going on.

As Mrs M didn't accept the Investigator's opinion, 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.

First, Mrs M made a payment to another company (not Company H) from her Halifax account, and this payment initially formed part of her complaint. Her complaint about this payment has since been withdrawn from this complaint. Mrs M also made some payments to Company H from another of her banking providers – and that complaint is being looked at separately under a different reference. So, for clarity, this decision only focuses on the payment Mrs M made from her Halifax account to Company H that she now considers was a scam.

In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – in other words on what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

Taking into account the law, regulations, guidance, standards, codes, and industry practice I have referred to above, (including the PAS Code), Halifax should have been on the look-out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (amongst other things). And, in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment.

Mrs M made a payment of £25,000 to Company H in March 2019. Given the value of the payment, I accept Halifax ought to have intervened and asked some questions about the purpose of the payment to understand better what Mrs M was doing, alongside providing a relevant scam warning to her about any potential fraud risk posed. And given the amount, I think it likely ought to have been in the form of human intervention. However, and importantly, with any intervention – I have to consider whether it would have made a material difference and prevented Mrs M from proceeding with the payment. Here, I don't consider that any proportionate conversations about the payment would've changed Mrs M's decision to invest with Company H.

I'm not persuaded the kind of information I'd expect Halifax to have shared/discussed with Mrs M would've prevented the payment from being made. Company H was a legitimately registered company at the time Mrs M paid into it. And there wasn't anything in the public domain at the time to suggest Halifax should've been concerned that Mrs M might be falling victim to potential fraud or a scam. Many of the points Mrs M has raised didn't come to light until later and so this doesn't change my outcome, as Halifax wouldn't have been aware what would happen with how Company H would be run or with regards to Mrs M's loss now.

Mrs M has provided some of the promotional literature for the investment with Company H. It's persuasive and comprehensive information for investors which sets out how it operates, and the returns expected. It seems highly unlikely that a conversation with Halifax would've prevented Mrs M going ahead with the investment when she held this information. And there also wasn't anything obviously concerning about Company H available at the time of the payment.

I haven't seen information that indicates Halifax ought to have stopped the payment to Company H at the time Mrs M made it, or that anything it shared would've prevented her from going ahead. And I'm mindful Halifax wasn't required to provide Mrs M with investment advice as part of processing the payment, for example, to go through Company H's finances in the way it's been suggested by Mrs M's representative.

I appreciate Mrs M is now in a position where she's lost out financially due to this investment. But I don't consider her loss is the result of any failings by Halifax.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 28 August 2025.

Matthew Horner
Ombudsman