

The complaint

Mrs J complains that Bank of Scotland plc trading as Halifax didn't do enough to protect her from the financial harm caused by an investment scam, or to help her recover the money once she'd reported the scam to it.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In March 2024, Mrs J saw an advert on social media about an opportunity to invest in cryptocurrency. She received a message from someone I'll refer to as "the scammer" who said she'd be working with a senior analyst to generate higher profits and that she could earn daily profits of 30% to 50%.

The scammer told Mrs J to open an account on a trading platform I'll refer to as "S", and when she did some research, she didn't see any information or reviews, which didn't strike her as concerning because she thought it was an emerging platform that had not yet established an online presence.

Mrs J was told to first purchase cryptocurrency through a cryptocurrency exchange company and then load it onto an online wallet and 9 March 2024 and 26 March 2024, she made she made eight faster payments from her Halifax account totalling £4,480. She also made payments from Bank R.

Mrs J could see what she thought were her profits accumulating on the app, but she realised she'd been scammed when she tried to make a withdrawal and was instructed to pay a fee. She complained to Halifax, and it agreed to a partial refund of £1,850 plus 8% interest and £60 compensation.

Halifax explained that it had blocked the second payment and asked Mrs J to call, but she chose not to and processed two further payments. However, when she did contact it to discuss the block, it told Mrs J there were no concerns and allowed her to make further payments. It said this was a missed opportunity to have prevented her loss and agreed to refund her from that point, reducing the settlement for contributory negligence.

Mrs J wasn't satisfied and so she complained to this service. But our investigator was satisfied Halifax's offer was fair. He didn't accept Halifax needed to intervene before the third payment and he was satisfied a reduction for contributory negligence was fair. He was also satisfied £60 compensation was fair.

Mrs J has asked for her complaint to be reviewed by an Ombudsman. She thinks Halifax ought to have intervened when she made the first payment. And she has explained that when it blocked the second payment, there was no indication that the transaction was being blocked due to it being high risk.

She has further explained that when she was asked to provide a payment purpose before the second payment, she said she was buying something online because she was buying cryptocurrency, and if Halifax had intervened more strongly, she would have reconsidered making the payments. And she doesn't think the settlement should be reduced stating because she did look at reviews and didn't see anything concerning, so she believed the investment was genuine.

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've reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Mrs J has been the victim of a cruel scam. I know she feels strongly about this complaint, and this will come as a disappointment to her, so I'll explain why.

Halifax has offered to partially refund Mrs J and I'm satisfied that's fair.

I'm satisfied Mrs J 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although she didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of her bank account, Mrs J is presumed liable for the loss in the first instance.

There's no dispute that this was a scam, but although Mrs J didn't intend her money to go to scammers, she did authorise the disputed payments. Halifax is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

Prevention

I've thought about whether Halifax could have done more to prevent the scam from occurring altogether. Buying cryptocurrency is a legitimate activity and from the evidence I've seen, the payments were made to a genuine cryptocurrency exchange company. However, Halifax ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it ought to have intervened to warn Mrs J when she tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect Halifax to intervene with a view to protecting her from financial harm due to fraud.

The first payment was only for £500 and so even though Mrs J was paying a cryptocurrency exchange, Halifax didn't need to intervene. Mrs J is unhappy that she was allowed to make the second transfer after it was initially blocked but as the payment was low value, I don't think it's unreasonable that the payment was processed without further intervention. So, I think Halifax's offer to refund Mrs J the money she lost from the third payment onwards is fair.

Contributory negligence

Mrs J had no investment experience and so I don't think it was unreasonable for her to have believed what she was told in terms of the returns she was told were possible, notwithstanding the fact it was highly implausible. This unfamiliarity was compounded by the sophisticated nature of the scam and the fact she believed the trading platform was genuine.

But there's a general principle that consumers must take responsibility for their decisions and conduct suitable due diligence and Halifax has explained that it has reduced the settlement by 50% for contributory negligence because Mrs J failed to do due diligence. Mrs J has said there was no information online, but if she'd checked Trust Pilot, she'd have seen there were negative reviews suggesting the trading platform was a scam. There would also have been a lot in information about cryptocurrency scams in general. So, I agree that her failure to do proper checks contributed to her loss and I'm satisfied the reduction for contributory negligence is fair.

Recovery

I don't think there was a realistic prospect of a successful recovery because Mrs J paid an account in her own name and moved the funds onwards from there.

Compensation

The main cause for the upset was the scammer who persuaded Mrs J to part with her funds. I haven't found any errors or delays to Halifax's investigation, so I don't think she is entitled to any more compensation that Halifax has already offered.

My final decision

For the reasons I've outlined above, 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 J to accept or reject my decision before 1 January 2026.

Carolyn Bonnell
Ombudsman