

The complaint

Miss O, via a representative, has complained that Bank of Scotland plc trading as Halifax (“Halifax”) failed to refund the money she lost as part of an investment scam.

What happened

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In summary though, Miss O came across an advert in which a well-known celebrity appeared to be endorsing a company that purported to be a crypto investment firm that I will call B.

Miss O then made over 20 transfers to an account that she held with a different current account provider. The funds were then sent to a crypto exchange and were then sent on to B. The payments made from Miss O’s Halifax account totalled over £100,000 and took place in November and December 2023.

Miss O realised she had been scammed when she was unable to withdraw her profits. Miss O asked Halifax to refund these payments, as she believes Halifax should have done more to prevent her from being scammed in the first place. Halifax did not agree with this. It did later though refund two of the payments.

One of our investigators looked into this matter and she thought that any intervention from Halifax would likely not have stopped the scam. She said this because she believed that Miss O would not have provided accurate answers if questioned about the payments. This is because her other current account provider did question the payments and Miss O misled it about why she was making the payments. She therefore did not uphold this complaint.

Miss O did not agree with this and therefore her complaint has been passed to me to issue a 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 agree with the conclusions reached by the investigator for the following reasons.

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

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, on what I consider is more likely to have (or would have) happened, in light of the available evidence and the wider circumstances.

In broad terms, the starting position is Halifax is expected to process payments and withdrawals that a customer authorises it to make. This should be in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

However, taking into account relevant law, regulatory rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that Halifax should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- 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 – (as in practice Halifax sometimes does); and
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

My understanding is that Halifax did not intervene during the scam and I think that it should've, as the payments were unusual based on the bank statements that I have been provided with. That said, I don't think that this would have stopped the scam. I say this for the following reasons.

Miss O seems to have been aware that, if she gave accurate answers as to what she was doing, her payments might be stopped. This is demonstrated by her telling her other current account provider that she was making the payments for house renovations, to buy art that she had seen in person and to pay for accommodation. The answers she provided were detailed and clearly designed to circumvent the account provider's anti-fraud checks to ensure that the payments would not be stopped.

So overall, albeit on balance, I think that even if Halifax had asked questions about the payments in question, I don't think that Miss O would have provided accurate answers to any questions asked.

Ultimately, Halifax was only required to take proportionate steps to try and protect Miss O from financial harm. I'm not persuaded she would've shared anything concerning with Halifax had it questioned her about what he was doing. So overall, I think that Halifax should have intervened during the transactions in question. But I don't think that it could have prevented the scam for the reasons set out above.

I've also thought about whether Halifax could have done more to recover the funds after Miss O reported the fraud.

Halifax are under no obligation to refund the money under the Contingent Reimbursement Model (CRM) Code because it does not include transfers that are made to accounts in the account holder's name and the funds were sent from Miss O's other account before the fraud was reported, so there was no money remaining in Miss O's other account to be recovered.

I appreciate this will likely come as a disappointment to Miss O, and I'm sorry to hear she has lost a substantial amount of money to such a scam. However, whilst I have a great deal of sympathy for the situation that Miss O found herself in, I'm not persuaded that Halifax can fairly or reasonably be held liable for her loss in these circumstances.

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 Miss O to accept or reject my decision before 7 July 2025.

Charlie Newton
Ombudsman