

The complaint

Mr and Mrs S are unhappy that Bank of Scotland plc, trading as Halifax, will not refund all of the money that Mr S lost as the result of an authorised push payment (APP) scam.

Mr and Mrs S brought their complaint to this service through a representative. For ease of reading I will refer solely to Mr S in this decision as he was the victim of the scam.

What happened

As all parties are familiar with the details of the scam I will not repeat them in full here. In summary, Mr S fell victim to a cryptocurrency investment scam. He had seen an advert on social media for an opportunity that was endorsed by three high-profile individuals. After submitting his details he was contacted by the scammer and guided through how to invest with firm 'S'. This included opening a new account at a second bank, bank 2. From there he transferred the funds to the scammer(s). He made the following faster payments from his Halifax account to his account at bank 2:

payment	date	value
1	05/03/2024	£5,000
2	14/03/2024	£500
3	17/04/2024	£7,560
4	17/04/2024	£2,450
5	25/04/2024	£15,000

Mr S had access to a portal to allow him to track his investment. He realised he had been scammed when he was asked to deposit significant funds into a custody wallet - after already paying £15,000 as a 'verification fee'. He was told he had to do this before he could withdraw any of his invested funds.

Mr S says Halifax failed to protect his money and must cover his losses. Halifax agreed to refund 50% of Mr S's losses saying it could have done more to prevent the fraud when it spoke to Mr S on 5 March 2024. It added £75 to apologise for any upset caused. Unhappy with this partial refund Mr S brought his complaint to this service. I note the receiving bank, bank 2, has already refunded 50% of payment 1 from this scam.

Our investigator did not uphold Mr S's complaint. He said Halifax's refund of 50% of the losses was fair in the circumstances as Mr S invested without adequate due diligence.

Mr S disagreed and asked for an ombudsman's review. He said, in summary, a better intervention from Halifax would have immediately uncovered the scam and prevented the loss. He should not take any liability as he had no investment experience. So it should refund him in full.

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.

I have reviewed all of the points made in Mr S's submissions carefully. But in keeping with our role as an informal dispute resolution service – and as our rules allow – I will focus here on the issues I find to be material to the outcome of his complaint.

In broad terms, the starting position at law is that a bank such as Halifax is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account. And it is not in dispute here that Mr S authorised the five payments.

But, taking into account relevant law, regulators 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 in March and April 2024 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;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving and the different risks these can present to consumers, when deciding whether to intervene.

It is in this context I do not find Halifax can be held liable for Mr S's remaining losses. I'll explain why.

Halifax intervened at the time of payment 1 and spoke to Mr S. It accepts that the call was not as effective as it should have been. By giving a refund it has acknowledged it could have prevented the scam. So there is no dispute that there were failings in the bank's intervention and I need not comment further on this.

The reason Halifax refunded only half of Mr S's losses is that it feels he also did not do everything he should have. This is the outstanding issue I need to make a finding on. So I've considered carefully whether Mr S should hold some responsibility for his loss by way of contributory negligence. On balance, I think he should.

Mr S was willing to invest based on advice from a contact he received after he responded to an ad on Facebook that had endorsements from high-profile individuals. By March 2024 there had been multiple warnings in the mainstream, popular media about such scams – particularly relating to the people involved here.

And in this context, it seems Mr S carried out no independent checks on the investment

opportunity. He relied on the website the scammer had shown him and a lack of negative reviews online at the time. His online search cannot have been thorough. By this date there were many articles about how one of the high-profile individuals 'involved' never endorses investments so any instances found should be regarded as a scam.

Mr S argues he had no investment experience, but this endorses the finding that he should have done independent research before proceeding. There were other red flags he ignored during the scam, like the request for £15,000 as a 'verification fee' which he agreed to pay. Even to a novice investor this ought to have been concerning and prompted further checks before proceeding. No legitimate investment opportunity requires you to pay such sums of money to access your money.

Mr S also says the call recordings from the interventions by bank 2 demonstrate that he lacked technical know-how and confidence. I disagree, I think they demonstrate he was unfamiliar with bank 2's online banking app. This would be expected as he was a new customer there. In the round he came across as confident on those calls, giving bank 2 elaborate cover stories for the payments.

Whilst I don't doubt Mr S's testimony of inexperience, I am not persuaded that means Halifax can fairly be held liable for the full loss given all the factors discussed above. Given the amount he was investing, I'm not satisfied that it was reasonable for Mr S to proceed without doing more to verify the opportunity.

Finally, I have considered if Halifax did what we would expect to try to recover Mr S's money once it became aware of the scam. As Ms S knows he quickly moved the money onwards from the recipient account so there was no realistic prospect of Halifax recovering the money from bank 2 by the time the scam was reported.

It follows I am not instructing Halifax to refund any more money to Mr and Mrs S. I find the current split of liability fairly reflects the role of both parties. I am sorry Mr S was a victim of this cruel scam and I can understand why he wants all his money back. But I can only consider here whether the bank, which had no involvement in the scam itself, should be held wholly responsible for what happened. For the reasons set out above I do not find Halifax can be held solely liable in the circumstances of this case.

My final decision

I am not upholding Mr and Mrs S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 13 June 2025.

Rebecca Connelley
Ombudsman