

## **The complaint**

Mr F, initially via a representative, has complained that Bank of Scotland plc trading as Halifax ("Halifax") failed to refund the money he 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, Mr F was phoned by a scammer and after some time he struck up a friendship with this person. The scammer persuaded Mr F to invest in a scam investment firm that I will call B

Mr F then made a number of payments to B from two of his current account providers. Two payments were made from Halifax. These transfers took place on 2 January 2024 and totalled £10,000. These transfers were to an account that Mr F held with a different bank. The funds were then sent to a crypto exchange and, after they were converted into a crypto currency, they were then sent on to B.

Mr F realised he had been scammed when he was unable to withdraw his "profits" from B without paying additional fees. Mr F asked Halifax to refund the two transfers he made from his account, as he believes Halifax should have done more to prevent him from being scammed in the first place. Halifax did not agree with this.

One of our investigators looked into this matter and he thought that any intervention from Halifax would not have stopped the scam. He said this because he believed that Mr F was being coached by the scammer on what to say if questioned about the payments that he was making. He therefore did not uphold this complaint.

Mr F did not agree with this and therefore his 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 that 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.

Halifax did not intervene during the two transfers that were made. It had intervened and had blocked an earlier transaction which was being made to a crypto exchange. And I think that it should have also intervened when the two further transfers took place as their size was unusual for Mr F's account. That said, even if Halifax had intervened, I don't think that this would have stopped the scam. I say this for the following reasons.

Mr F seems to have been aware that, if he gave accurate answers as to what he was doing, his payments might be stopped. This is demonstrated by him asking the scammer what to say when payments were blocked both from Halifax and from his other bank. It is also clear that Mr F was under the spell of the scammer, as it appears he did give misleading answers to Halifax when it had intervened on the earlier payment. So had Halifax intervened during the two later transactions, I think Mr F would have likely provided answers designed to allow the payments to go through. Also, I note that when Halifax blocked a payment that was intended to go directly to a crypto exchange, Mr F instead sent funds to his other bank account and then on to the scammer. So it seems that Mr F was actively trying to avoid the very thing that he's now complaining that Halifax ought to have done. So, given that a previous attempt to send money to B had been blocked by Halifax, had the two transfers also been blocked by Halifax, I think that Mr F would have likely found a different way to send the funds to B.

Ultimately, Halifax was only required to take proportionate steps to try and protect Mr F from financial harm. I'm not persuaded he would've shared anything concerning with Halifax had it questioned him more about what he was doing. So overall I think that Halifax should have intervened more than it did. But I do not think that this would have likely stopped or uncovered the scam.

Taking everything into consideration, I think that Halifax should have intervened more than it did. But even if it had intervened further, I don't think the scam would have been stopped.

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

Halifax are under no obligation to refund the money under the Contingent Reimbursement Model (CRM) Code. This is because the funds were sent to an account that Mr F controlled.

I appreciate this will likely come as a disappointment to Mr F, and I'm sorry to hear he has been the victim of a cruel scam. However, whilst I have a great deal of sympathy for the situation that Mr F found himself in, I'm not persuaded that Halifax can fairly or reasonably be held liable for his 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 Mr F to accept or reject my decision before 27 August 2025.

Charlie Newton  
**Ombudsman**