

## **The complaint**

Mr L complains that Bank of Scotland trading as Halifax failed to prevent him losing his money to unknown third parties.

Mr L is being represented by a claims management company, but for ease, I'll only refer to Mr L in my decision.

## **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.

Around October 2023, Mr L came across an advert on social media in relation to Payment Protection Insurance claims. He clicked on the advertisement and started what he believed was a claim process by filling in his personal details. He then received a call from a representative of a merchant who said they had mistakenly taken out two loans in his name but all he needed to do was tell the two loan companies the loans were no longer necessary.

After speaking to who he thought was the two loan companies, Mr L started to receive threatening messages asking him for money. Mr L started to make payments under duress including cash withdrawals. The threats continued and Mr L made further payments. He then made the final payment and didn't hear anything further from the third parties.

Mr L then started to receive letters demanding payment of the two loans which is when he realised he hadn't spoken to the actual loan companies. He contacted the loan companies, one of which agreed to write off the loan. The other provider waived interest and charges. In total Mr L lost £25,000 to the third parties.

Mr L contacted Halifax to make a claim for his money. Halifax considered the claim but said it hadn't done anything wrong so wouldn't be offering him a refund. So, Mr L brought his complaint to this service.

Our Investigator didn't think the complaint should be upheld. She said that being blackmailed or making payments under threat didn't meet the definition of an Authorised Push Payment (APP) scam for the purposes of the Contingent Reimbursement Model (CRM). And cash withdrawals weren't covered under the CRM code as well. She added that she didn't think Halifax could've done anything more to stop the payments and uncover what was happening to Mr L.

Mr L disagreed and asked for an Ombudsman's review. He said that if Halifax had questioned some of the payments, then what was happening to him would've been uncovered. He said his payment reasons were inconsistent and should've been of concern to Halifax and that it missed an opportunity to do more when he was withdrawing cash in branch because he was visibly shaking and intoxicated on one occasion.

## 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've read and considered the whole file. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome.

*The CRM code.*

The CRM Code only applies if the definition of an APP scam, as set out in it, is met. I have set this definition out below:

*“...a transfer of funds executed across Faster Payments...where:*

- (i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or*
- (ii) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.”*

Firstly, the CRM code doesn't cover cash withdrawals. And I'm satisfied that making payments under duress for fear of one's safety also doesn't meet the above definition as Mr L wasn't tricked or deceived and didn't think the payments were legitimate.

Nonetheless, the regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams.

So, I've gone on to think about whether Halifax should have realised that Mr L was at risk of financial harm and so should have stepped in to protect him.

While we do expect banks to monitor accounts for signs of financial harm, that does not mean that we'd expect them to examine every payment made or to have a detailed oversight of every payment in and out of an account. Banks rely on triggers such as unusual patterns of spending that could be indicative of fraud or scams, particularly high payments, or payments to unusual or out of character payees (like overseas accounts, cryptocurrency, gambling etc).

And even if I did find that Halifax should've stopped some of the payments, I don't think this would've more likely than not made a difference here.

Firstly, when making some of the transfers Mr L didn't provide accurate payment reasons. He selected 'something else' and paying 'family and friends'. As a result, any warning wouldn't have been accurate in relation to the payment reason he selected. Even so, given what was happening here and the fact Mr L knew that he was making payments to a third-party under duress I don't think any further warnings about common scams would've resonated with him in the circumstances.

In relation to the cash withdrawals, I can see on the notes provided by Halifax that a High Value Checklist was completed when Mr L went into the branch to withdraw the £15,000.

Although I don't have an exact copy of the checklist that was completed, I've seen the questions that would've been asked at the time. He would've been asked for the reason he wanted the money and given various warnings about tactics used by fraudsters to take money from customers of the bank. I know from Mr L's testimony that he told Halifax that the money was for Home Improvements. And that if Halifax had read his body language and noticed that he was intoxicated, it could've taken him aside and asked a few probing questions which would've uncovered what was happening here.

I've thought very carefully about Mr L's testimony that he was intoxicated and visibly shaking when he went into the branch. Here I have to make a finding on the balance of probabilities – so what I think most likely happened. I think if Mr L was shaking and intoxicated like he said this would've been noticed by the member of staff at the time. I also note one of the parts of the checklist is in relation to warnings which ask whether Mr L had been told to lie to the bank, whether anyone was listening and whether he had been asked to make the payment unexpectedly. If as Mr L has described he was shaking and willing to disclose what was happening, I would've expected him to react to such questions in the branch at the time which would've in turn given the members of staff cause for concern.

As a result, I think what most likely happened is the checklist was completed but Mr L provided inaccurate answers in such a way that, more likely than not, the member of staff didn't have any concerns about the cash withdrawal.

I also think that if Halifax had intervened in any of the other payments that Mr L made online, he would've provided answers that meant the payments were able to be sent. To be clear, I'm not blaming Mr L here. I understand from his testimony why he thought he had to make the payments. But I don't think I can reasonably say that Halifax could've reasonably done more to uncover what was happening.

Mr L has raised vulnerabilities but because this isn't a complaint covered under the CRM code and Halifax wasn't aware of these, I can't take those into consideration.

### *Recovery*

Halifax didn't try to recover Mr L's money here. Even if it had I don't think it would've been above to recover the amounts Mr L lost here as normally the funds are removed very quickly. I've seen statements from all four beneficiary accounts which shows that the money Mr L sent was removed before the scam was raised. Which isn't uncommon the scam was raised with Halifax two weeks after it had occurred.

So, I don't think Halifax treated Mr L unfairly here.

### *Compensation*

Because I don't think Halifax treated Mr L unreasonably, I'm not going to make any award to him here.

As a result of the above, I'm not going to ask Halifax to do anything more.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 17 July 2025.

Mark Dobson  
**Ombudsman**