

## **The complaint**

L, a company, complains that Bank of Scotland Plc (trading as Halifax) won't refund them for funds fraudulently paid into a Halifax account. They'd like the money reimbursed.

## **What happened**

The facts of this case are well known to both parties, and largely not in dispute. As such I intend to only cover them off briefly here. In March 2024 L received an email from a supplier with an invoice to pay an account with Halifax. L went on to make the payment of €9,500 from their bank based outside the UK.

The day after the funds were received by Halifax, they contacted L's bank to say the name on the transfer didn't match, and to check the payment details with L. It was discovered that the supplier's emails had been intercepted, and L had fallen victim to a scam. But by then most of the funds had been moved on, and only £10.78 remained.

L complained to Halifax, saying they should not have allowed the account to be opened, and ought to have prevented the money being moved on. Halifax responded to say that they had carried out appropriate checks before opening the account. They also said not all payee names are checked for international payments.

Not satisfied with this answer L referred their complaint to our service. One of our investigators looked into what happened but didn't think Halifax needed to do anything further. She reasoned that Halifax aren't obliged to check the account name before processing an inbound payment. She didn't think the bank needed to act to restrict the account immediately after L's payment was received.

L disagreed, and as such the complaint has been passed to me to decide.

## **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'm not persuaded that Halifax have done anything substantially wrong here.

I've considered the account opening, but nothing I've seen suggests that Halifax could have been aware that the account would go on to be used to misappropriate funds. There is only limited information provided. But I can see the account was opened in September 2023, and there are records of Halifax carrying out electronic checks on the applicant at the time. I don't think there were failures relating to the opening of the account that I could say caused the loss to L.

The account is then used sparingly. There are a few cash deposits, followed by card transactions. The balance does not exceed £450 at any point.

Halifax should monitor the accounts they provide for a variety of reasons which include to counter the risks of their accounts being used during fraud and scams. But I also think it's fair and reasonable for there to be a level of proportionality in that regard. They can't be involved in every transaction, and I think it's reasonable that a risk-based approach is taken.

I don't think any of the activity prior to the arrival of L's funds ought to have caused Halifax to have done more. As I've mentioned above, the usage was in no way indicative of anything untoward. In this case, L's transaction in – which credited in GBP as £7,849.94 – represents the largest amount of funds paid in at the time. But I'm not persuaded that this reasonably should have prompted some concern by Halifax. Payment accounts can receive larger payments from time to time, and it wouldn't be practical to manually review each one.

The relevant regulations related to payments are the Payment Services Regulations 2017. These say, broadly, that payments are assigned to accounts using the *unique identifiers*, and the obligation on a payment service provider is to check these. There's no further obligation on them to check the name on the transaction matches the destination account. Here the IBAN and SWIFT code, the unique identifiers, would have matched the destination. I can't say Halifax did anything wrong when crediting the payment to the account in line with the unique identifiers and I'm not persuaded that they should have noticed the mismatch in the payee's name at this point.

The funds only remain in the account for a few hours before they are paid away by in a single card payment. This payment seems to have been made using the account's genuine card and authenticated using the PIN. While the card payment is a large one for the account, I don't see there were other factors that would have made this a significantly risky payment. So, I see that any concern here wouldn't necessarily be that the account had received misappropriated funds. And any intervention by Halifax would have to be proportionate to the perceived risk.

Even if I were to say that Halifax ought to have intervened in that outgoing payment, this primarily would've been out of potential concern for their own customer. I don't think the activity at that point reasonably should've caused concern that the account was being misused. And given the payment was made by Chip and PIN with the card associated to the account, it's more likely than not that any intervention would've been to confirm this in an app or using a text message code or something similar confirm the payment. So, at this stage I don't see that Halifax ought to have reasonably noticed the name mismatch or have taken steps to prevent any further transactions from this account. I don't see that it's unreasonable for Halifax to have followed their customer's payment instruction.

It's important for me to explain that Halifax will have multiple different methods and levels of intervention. The bank will decide what type of activity warrants immediate intervention such as restricting the account and requesting evidence. And which type of activity poses less of a risk of fraud and therefore can be reviewed manually by the relevant team before restricting access, which is what happened in this case. Ultimately, it's a matter for Halifax how they choose to configure their fraud detection systems and intervention. My role is to determine if Halifax acted fairly and reasonably in the circumstances.

Having reviewed their customers' account activity and taking into consideration the facts of the case, I think Halifax's intervention was proportionate and reasonable and I can see why Halifax did not deem it necessary to immediately restrict the account before making any enquiries. So, whilst there was a small degree of suspicion on the part of the bank, I do not think they acted unreasonably by allowing the account holder to transact at the time.

I accept that will be disappointing to L, as they have been the victims of a scam here. But I don't see that Halifax need to do anything further here.

**My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask L to accept or reject my decision before 26 November 2025.

Thom Bennett  
**Ombudsman**