

## **The complaint**

Miss H is unhappy that Bank of Scotland plc, trading as Halifax, won't reimburse her loss after being a victim of a rogue trader fraud.

## **What happened**

As the circumstances of this complaint are well-known to both parties, I have summarised them briefly below.

Miss H sought the services of a contractor to carry out significant project work at her property. After carrying out due diligence and receiving quotes for the work to be completed, Miss H employed the services of a business, which I will refer to as P.

Between July and October 2023, Miss H authorised seven payments, from her Halifax account to P, totalling £40,700. Miss H says she continued to make these payments despite no materials being delivered or work having commenced on the property.

Eventually, Miss H says that the excuses being given by a representative of P began to wear thin and she realised she'd been the victim of fraud.

Miss H reported the matter to Halifax, but after considering her claim it deemed the matter a civil dispute between Miss H and P. It therefore found that it had no liability to reimburse Miss H her loss.

Miss H, unhappy with this response, referred the matter to our service for an independent review. An Investigator considered the evidence provided by both parties, but concurred with Halifax that the matter was likely a civil matter between Miss H and P. They therefore didn't recommend Halifax reimburse Miss H's loss.

Miss H disagreed, so the matter has now been passed to me for a final decision to be made.

## **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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

It's not in dispute that Miss H made the payments in dispute. So, in accordance with the Payment Services Regulations 2017 Miss H is presumed liable for the loss in the first instance.

However, Halifax is a signatory to the Lending Standards Board's Contingent Reimbursement Model (the CRM Code). Under that Code, firms are expected to reimburse customers who fall victim to fraud, subject to a number of exceptions.

However, the CRM Code is only relevant if I'm persuaded Miss H was likely a victim of fraud. The Code specifically doesn't cover certain types of disputes. It says:

*"This Code does not apply to...private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier".*

Considering the circumstances of Miss H's complaint, it is clear that the above statement broadly defines what has occurred here. She has paid a supplier for goods and services, but they were not received. What is in dispute however is the legitimacy of that supplier.

My understanding of Miss H's argument is that she believes a representative of P set out with the intention to defraud her. She feels that the constant excuses provided by the contractor were a deliberate ploy to extract further funds from her, and that P never had any intention of completing the work.

While I understand Miss H's strength of feeling on this matter, I'm not persuaded by her argument based on the information currently available.

Open resource research shows that the business was incorporated in 2020 and registered on Companies House. It has not been liquidated or struck off the register. The business doesn't have a significant online presence, so I've been unable to find evidence of further allegations of fraud.

Miss H has also said that the business appeared legitimate when she was carrying out her due diligence and when meeting a representative of P in person. She has told our service that the business was registered on multiple websites and appeared reputable. A representative of P also attended her property in order to provide a quote and was dressed in uniform and arrived in a marked company vehicle.

Our Investigator has also submitted a third-party request to the bank that received her payments. This has revealed that the account was a business account, in the name of the limited company, and was broadly being used in line with what I'd have expected it to. No suspicious activity or reports could be identified other than those raised by Miss H.

It is difficult for me to understand some of the context behind the interactions between Miss H and P, as the conversation between both parties—that took place on a messaging platform—is no longer available for me to review. But from what Miss H has provided, I can see she was quoted for substantial works to be carried out at her property over an 8-to-10-week period. And this was to be completed in seven stages. This correlates with the seven payments Miss H made over a period of 10 weeks.

Miss H has told our service that none of the materials were delivered, nor any of the works completed. While I have no reason to disbelieve what Miss H has told our service, I find it highly irregular that she would continue to make each of the payments at various stages of the project where no materials had been delivered or work carried out.

However, proceeding on the basis that this was in fact the case, I am unable to conclude that P took these payments with the intent of defrauding Miss H. There are various other reasons P may have taken the payments subject to this complaint and not carried out the work it was paid to do. Examples of this could be a break down in the relationship between Miss H and P, financial difficulties, personal circumstances or a poorly managed business. I'm not persuaded from the information available that these possibilities have been ruled out.

I would like to make it clear that my findings are not intended to conclusively rule this matter a civil dispute: I acknowledge the possibility that Miss H may have been the victim of fraud here. But the evidence currently available to me doesn't support that assertion to the extent that Halifax ought to have reimbursed her under the provisions of the CRM Code. However, should further information come to light in the future that does support a fraud likely took place, Miss H has the option to present this new evidence to Halifax for review and further consideration.

### **My final decision**

For the reasons I have given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 6 June 2025.

Stephen Westlake  
**Ombudsman**