

The complaint

Mr F is unhappy that Bank of Scotland plc trading as Halifax haven't refunded money he lost as a result of a scam.

Mr F is being represented by a claims management company but, for ease of reading, I'll only refer to Mr F in the 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.

In around December 2023, Mr F was contacted via a messaging platform by a third-party who offered him a remote online role rating hotels. The third-party told him to open an account with a payment service provider – I'll refer to here as 'D' and to another account Mr F held with another bank – I'll refer to here as 'E'. In total Mr F made the following payments;

	Date	Type of transaction	Amount
1	27 December 2023	Faster Payment to D	£50
2	28 December 2023	Faster Payment to D	£47.16
3	28 December 2023	Faster Payment to D	£20.09
4	29 December 2023	Faster Payment to D	£50
5	29 December 2023	Faster Payment to D	£141
6	29 December 2023	Faster Payment to D	£5
7	29 December 2023	Faster Payment to D	£25
8	30 December 2023	Faster Payment to D	£80
9	30 December 2023	Faster Payment to D	£300
10	30 December 2023	Faster Payment to D	£450
11	30 December 2023	Faster Payment to D	£1,500
12	30 December 2023	Faster Payment to D	£3,331
13	30 December 2023	Faster Payment to E	£3,331
14	30 December 2023	Faster Payment to E	£4,408.59
15	30 December 2023	Card Payment to crypto exchange	£102.98
16	30 December 2023	Card Payment to crypto exchange	£2,059.80
17	30 December 2023	Card Payment to crypto exchange	£2,079.67
18	31 December 2023	Faster Payment to E	£5,000
19	31 December 2023	Faster Payment to E	£100
20	31 December 2023	Faster payment received from E	£5,100

Our Investigator felt the complaint should be upheld in part. She said that Halifax should've reasonably intervened by the time Mr F made payment twelve. And if it had asked Mr F some open-ended questions about why he was making the payment the scam would've more than likely been uncovered.

Halifax agreed with the Investigator's opinion.

Mr F disagreed and asked for an Ombudsman review. He said Halifax should've intervened on payment eleven and the scam would've been uncovered at that point.

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 going to uphold this complaint in part.

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.

It is common ground that Mr F authorised the scam payments in the table above. I accept that these were authorised payments even though Mr F was the victim of a scam. So, although it wasn't his intention to pay money to the scammers, under the Payment Services Regulations 2017 (PSRs) and the terms of his account, Mr F is presumed liable for the loss in the first instance.

However, taking into account the law, regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Halifax to take additional steps or make additional checks before processing a payment in order to help protect customers from the possibility of financial harm from fraud.

Halifax has now agreed that it should've done more here and if it had then the scam would've been uncovered earlier. The remaining disagreement is in relation to where Halifax should've intervened on the above payments. Mr F said that by payment eleven enough was happening here for Halifax to have been concerned that he was at risk of fraud. Our Investigator felt that payment twelve should've been the point Halifax intervened.

So, the starting point here is whether the instructions given by Mr F to Halifax (either individually or collectively) were unusual in relation to his typical account activity. So, I've reviewed the account statements around the time Mr F made the payments in question here. The account was typically well maintained with the balance ranging from around £7,000 up to around £14,000. And there were genuine transactions ranging from £453 and £515 in July 2023 up to £700 in August 2023.

When Mr F started making the payments in the above table, he was sending money to a new account in his own name at D. The payments started off reasonably small before starting to increase in value and velocity on 30 December 2023. I've thought about whether payment eleven was sufficiently unusual for Halifax to have intervened. But I don't think it was. Although this was higher in value compared to his previous payments, I don't think it was so unusual compared to his previous activity that Halifax should've reasonably considered he was at risk of being the victim of fraud. However, just over an hour later Mr F made a further payment which again increased in size (more than doubled) to the same account. This payment was significantly larger than what was usual for his account and at the point he had sent over £5,500 from this account to D on the same day.

As a result of the above, I'm satisfied that by payment twelve Halifax should've been reasonably suspicious of the overall activity on Mr F's account and intervened to ask him more questions about why he was making the payment. And, as the Investigator has already pointed out and which I note both Mr F and Halifax agree, I'm satisfied a few open-ended

questions would've uncovered the scam. That's because I'm satisfied Mr F would've been honest about the reasons for the payment and open to any warnings Halifax would've provided to him about making payments for a job opportunity he had been messaged about out of the blue.

Recovery

The payments Mr F made to D and E were to accounts in his name. So, I don't think it would've been reasonable for Halifax to attempt to recover those payments here. The remaining payments were card payments. I've thought about whether Halifax did enough to attempt to recover the money Mr F lost, as there are some instances where debit card transactions can be refunded through making a chargeback claim.

A chargeback wouldn't have been successful for the debit card payments to the account in Mr F's name at the genuine crypto exchange, as Mr F was able to move the money onto the scammers. So, Mr F duly received the service he paid for on his debit card. The money was subsequently lost from his other account when it was moved by the scammers. So, he couldn't claim that he didn't receive the goods or services paid for from his debit card to the crypto exchange.

As a result, I don't think Halifax have acted unreasonably by failing to pursue a chargeback claim or try and recover Mr F's money here.

Did Mr F act reasonably in the circumstances?

The investigator felt that responsibility for the loss should be shared between Mr F, Halifax and E. Mr F has agreed with the Investigator. To be clear, I'm satisfied the split in liability is reasonable in this instance. Mr F ignored some red flags and expressed concern in the chats to the scammer about continuing to make payments towards the 'job'. I think he ought to have questioned this further before borrowing money from a family member. And if he had the scam could've been uncovered sooner.

As a result of the above, I'm satisfied that Mr F (34%), Halifax (33%) and E (33%) should split responsibility for the losses involved for any payments that were made to E from the Halifax account. And that liability should be split equally between Mr F and Halifax for the payments that were sent directly to the crypto exchange.

Putting things right

Although I've decided that payment twelve towards the scam should've been stopped and the scam uncovered at that point, it was sent to D and not lost to the scam as D returned the payment to Mr F on 31 December 2023.

Payments thirteen and fourteen for £3,331 and £4,408.59 were sent to E and from there £3,330 and £4,408.59 were then lost to the scam. So, Halifax should refund 33% of £3,331 and £4,408.59 with E being responsible for 33% and Mr F 34%.

The three payments to the crypto exchange were all card payments – totalling £4,242.45. As E wasn't involved in those payments the liability should be shared equally between Halifax (50%) and Mr F (50%).

Payments eighteen and nineteen weren't lost to the scam and were returned to Mr F's Halifax account.

I'm not awarding any interest on the above reward as Mr F hasn't evidenced that he repaid the money he borrowed from his family member to make the payments.

My final decision

My final decision is that I uphold this complaint in part. Bank of Scotland plc trading as Halifax must do the following;

- Refund 33% of £3,331 and £4,408.59.
- Refund 50% of £4,242.45

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 5 June 2025.

Mark Dobson
Ombudsman