

The complaint

Miss P complains that Bank of Scotland Plc (trading as Halifax) won't refund the money she says she lost to a scam.

What happened

Miss P was looking for a builder to complete an extension on her property. She placed an advert on a well-known website setting out the details of the job. She was contacted by someone on behalf of a building company, which I'll call J. The person Miss P dealt with, Mr T, said he was the owner of J and visited Miss P's property to discuss the job. He said he could complete the job by Christmas at a cost of £38,000 with work to be completed in four stages.

Miss P agreed to the quote and work began on 24 October 2023, with the existing conservatory being demolished. Over the next few weeks Mr T and his colleagues appear to have done some work at Miss P's property, and Miss P made various payments to Mr T and to his associates, to pay for the materials and labour. Miss P began to have concerns about Mr T and the work that was being done, as she had not been provided a formal contract for the works as she had requested, and she felt Mr T was often unavailable.

Ultimately, Miss P refused to make any further payments, and Mr T stopped work. Miss P has since arranged for the work that was done to be assessed by Building Control, and they have said that the work that was done was to a very poor standard and not compliant with building regulations.

Miss P contacted Halifax and asked it to refund the payments she had made as she believed she had been scammed. Halifax looked into what had happened, but said Miss P wasn't eligible for a refund under the relevant regulations as it didn't think she had been the victim of a scam. It said it thought this was more likely a private civil dispute between Miss P and J/Mr T and his associates.

Unhappy with Halifax's response, Miss P brought her complaint to this service and one of our investigators looked into things. But they agreed with Halifax that this was most likely a civil dispute, and so Miss P was not entitled to a refund of the payments she had made. Miss P remained unhappy, she maintains that she was the victim of a scam and that J (and Mr T) had set out to defraud her from the start.

As the case could not be resolved informally, it's been passed to me for 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 and having thought very carefully about Halifax's actions, I agree with the findings set out by our investigator. I do appreciate how disappointing this will be for Miss P but, whilst I'm sorry to hear of what's happened, I don't think I can fairly hold Halifax liable for the loss.

This is because not all cases where individuals have lost sums of money are in fact fraudulent and/or a scam. So, whilst I can quite understand why Miss P feels that this was a scam, there is a high legal threshold or burden of proof for fraud and there are a number of potential reasons (other than a scam) for the breakdown in a relationship between two parties and for a dispute to exist.

When considering what is fair and reasonable in this case, I've thought about the Contingent Reimbursement Model Code (the CRM Code) which Halifax has signed up to and which was in force at the time Miss P made these payments.

Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam. So, I've thought about whether the CRM code applies in the circumstances of this complaint, and whether Halifax therefore ought to reimburse Miss P under the provisions of the CRM Code.

The CRM Code only applies in very specific circumstances – where the customer has been the victim of an APP (authorised push payment) scam. Under the CRM Code, an APP scam is defined as:

“...a transfer of funds...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.”

The CRM Code is also quite explicit that it doesn't apply to all push payments. It says:

“DS2(2) This code does not apply to:

(b) 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.”

Fraudulent isn't defined in the CRM Code, but as the CRM Code specifically excludes civil disputes, I think I need to consider, as a first step, whether this was a scam (where a scammer takes money from a customer for no legitimate purpose) or a civil dispute (where a payment is made to a legitimate trading company or business, but there is some dispute about the goods or services that should have been supplied).

If this was a scam, or fraud – then banks (including Halifax) must follow industry and regulatory guidance, including the CRM Code, to check certain payments and in some circumstances, protect customers by stopping the payments and contacting customers about them. And where banks haven't followed the guidance, they can be asked to refund them. But where payments are made to a legitimate business for a legitimate reason, then such principles don't apply. This is then classed as a civil dispute, and for which banks normally have no liability.

Having thought very carefully about all that Miss P has said, and about the evidence provided by all parties to this complaint, I'm not persuaded that I can safely say with any certainty, based on what I know and what the evidence shows, that Mr T and his associates set out with an intent to defraud Miss P.

I say this as Mr T and his associates did carry out some work at Miss P's property, and appear to have purchased and used materials as well as hiring equipment for the job. And while there is limited information available about Mr T or about J, many such businesses

operate as sole traders rather than registered limited companies, and will operate on word of mouth rather than having any particular online presence, and I have not been able to find any other clear commentary from customers of J to suggest that others have had a similar experience to Miss P. I also note that Miss P has said Mr T stopped work when she declined to make any further payments to him, so we cannot be certain of whether he would have continued to complete the job.

I know this will be a huge disappointment to Miss P. I appreciate how she feels about this case, and that the work she paid for was not completed to her satisfaction. And some of the information she has sent us does suggest that Mr T and his associates weren't acting professionally, but that does not mean that this was a scam, rather than a case of poor and unprofessional workmanship - and a business may act unprofessionally but still be carrying out legitimate business. This service also isn't in a position to forensically analyse Mr T's and J's actions here; we must consider the evidence that is before us. And, in doing so, I've not seen persuasive evidence that Mr T and his associates set out to defraud Miss P.

I sympathise with the position Miss P has found herself in, and I'm in no way saying that she doesn't have a legitimate grievance against Mr T. But, for the reasons I've explained above, I do not consider that the payments in dispute here are covered under the CRM Code, or that it would be fair to hold Halifax responsible for the money she has lost under any of the other relevant regulations or guidance.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 7 August 2025.

Sophie Mitchell
Ombudsman