

The complaint

Mr and Mrs B complain they fell victim to a scam and say Bank of Scotland plc trading as Halifax ('Halifax'), should reimburse the money they've lost.

Mr and Mrs B bring their complaint with the assistance of a professional representative. I also note the payment was made from an account Mr and Mrs B held jointly. But for simplicity, as Mr B made the payment, I will refer to Mr B throughout this decision, even when referencing what their representative has said on their behalf.

What happened

The circumstances that led to this complaint are well known to all parties, so I won't repeat them in detail here. But, in summary:

- In March 2021, Mr B made a payment of £5,000 to an account held for a company, which I will call 'R'. The £5,000 payment represented the purchase of 20,000 shares in R, for which a share certificate was issued on 29 March 2021 and sent to Mr B.
- Mr B says he was told the company would grow and potentially become listed, leading to a return on the investment. However, Mr B says he hasn't received any returns and, he adds that he hasn't had any communication with R since February 2023.
- Mr B complained to Halifax in August 2024. Halifax looked into things but refused to reimburse the money – it said Mr B had invested with a genuine company at the time of making the payment and the matter was a civil dispute between him and that company (R). Mr B didn't accept this, so brought the complaint to our service.
- One of our Investigator's looked into things but didn't think the complaint should be upheld. On balance, he thought the evidence led him to conclude that R was most likely operating as a genuine business in March 2021 and that this was a civil dispute between Mr B and R. It followed that he didn't think Halifax had acted wrongly in not reimbursing Mr B the money he'd lost, nor did he think Halifax needed to pay the £1,000 compensation sought. Mr B disagreed with our Investigator and so the complaint has been passed to me.

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'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because

I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Having done so, I agree with our Investigator that this complaint should not be upheld, and for much the same reasons. I appreciate this will come as a disappointment to Mr B, but I'll explain why.

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.

There's no dispute here that Mr B made the payment to R for the purchase of shares in the company - and that at the time he was happy with the arrangement. This means that the payment was authorised, and Mr B is considered liable for it at first instance. However, Halifax was under a range of other duties and obligations at the time. Broadly summarised, it was expected to be on the lookout for payments that were unusual or out of character with the aim of preventing customers from falling victim to fraud and scams. It's also a signatory to the Lending Standards Board's Contingent Reimbursement Model ('CRM') Code which was in force at the time Mr B made the payment. Under the CRM Code, it was expected to refund customers who fall victim to authorised push payment ('APP') scams in all but a limited set of circumstances.

However, the CRM Code didn't cover all payments. It only covered payments that met its definition of an APP scam. In the context of this case, Mr B needs to have "*transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent.*" The CRM Code also specifically didn't cover "*private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services... but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier.*"

For me to find that the payment was covered by the CRM Code, I need to be satisfied that (a) the purposes for which Mr B made this payment and R obtained it were different; and (b) that difference was a result of dishonesty or deception on the part of R. The key thing I need to consider then is what the intentions of R were at the time the payment was made. I obviously cannot know for sure what R's intentions were, so I have to look at the available evidence and see whether it allows me to infer what its intentions likely were. That evidence needs to be sufficiently persuasive to allow me to conclude that it's more likely than not that R set out to defraud Mr B.

Having carefully considered the information Mr B has given to us – including initial documentation he received following a call with R about the investment opportunity, I can see that a share offer was sent to him – offering shares at a minimum investment amount of £5,000 for 20,000 shares. After making the payment of £5,000 to R, Mr B received a share certificate showing the 20,000 shares. Further, I'm aware Mr B shows as a shareholder on Companies House ('CH') for R and that the allocated number of shares aligns with the 20,000, he agreed to purchase. With this in mind, I'm persuaded the purpose for which Mr B made this payment and R obtained it were aligned. Mr B made a payment for shares in R, for which R provided – as shown in the share certificate and CH listing as a shareholder.

I'm aware Mr B doesn't feel his registration on CH as a shareholder alone confirms the legitimacy or regulatory compliance of R – pointing out that the mere existence of a company registration doesn't rule out fraudulent behaviour. Further adding, that he feels the lack of

communication from R and financial returns, strongly point to possible fraudulent intentions on the part of R.

I've thought carefully about what Mr B's told me, and whilst I accept that R has failed to deliver what Mr B was expecting from the investment – any returns – I haven't seen any clear evidence this was always what was intended; or that at the time of the payment, R planned to use Mr B's funds in a different way from what was agreed. As I've set out above, I'm persuaded based on the evidence that the purposes for which Mr B made the payment and R obtained it were aligned. I haven't seen persuasive evidence that R's intention was to defraud Mr B from the outset - when it took his funds. I'm also aware that R did carry out legitimate activity by passing on investors' funds and they also paid returns for some companies.

Not all cases where individuals have lost significant sums are in fact a scam. Whilst I can appreciate why Mr B feels aggrieved, there is a high legal threshold or burden of proof for fraud.

I have to keep in mind that there are businesses/people - R - that can fail or be mismanaged such that agreements and agreed goods and services aren't provided. So, whilst I can appreciate Mr B's frustrations with the lack of contact with R and the lack of returns, this in and of itself doesn't necessarily amount to evidence of an intent to commit an APP scam from the outset - at the time Mr B paid for the shares.

In order for me to conclude that the payment Mr B made was part of a scam and that Halifax should refund it, I'd need to be reasonably satisfied from the available evidence that R was not legitimate and had set out to defraud him from the outset. But I don't think, based on what I know, that I can safely conclude that.

Based on what I've seen and been told, the information provided doesn't evidence R had fraudulent intent when it took Mr B's funds, as required under the definitions within the CRM Code. So, I can't agree Halifax was wrong to consider Mr B's situation a civil matter or is wrong not to have reimbursed him under the CRM Code at this time.

It is possible that further evidence may come to light at a later date, which may indicate R was operating a scam. Should such evidence come to light, then Mr B can complain to Halifax again, and refer the matter to this office, should he not be happy with the outcome.

On balance, for the reasons I've set out above, I'm not persuaded this situation displays the hallmarks most typically associated with a scam. I can't safely say that this situation meets the high legal threshold and burden of proof for fraud. This is not to say that there is no issue at all between Mr B and R. Clearly there is. But this type of dispute isn't something that the CRM Code covered. So, I don't think it was unfair for Halifax to take the view that it was unable to refund Mr B under the CRM Code.

I'm mindful Mr B has also suggested that Halifax should have intervened in the payment he was making, and that it would have been able to prevent the loss had it done so. Mr B has highlighted that R was removed from the Financial Conduct Authority ('FCA') register around December 2019, which he considers highlights significant concerns. He adds that this is information that was readily available to Halifax – that it should have been aware of R's regulatory status or at the very least taken reasonable steps to verify the company's standing before processing his payment. Mr B also feels the payment he made was significantly larger than his typical transaction history and so, he thinks it ought to have caused Halifax some concern.

I'd like to assure Mr B that I've carefully considered all the information he has given to me and acknowledge his strength of feelings about what has happened here. But given that I'm not persuaded R was operating as a scam, I cannot fairly say Halifax would have been able to identify any issues with R or prevent Mr B from making the payment to it.

I don't say any of this to downplay or diminish what Mr B has been through. I know my decision will come as a disappointment. However, for the reasons I have explained, I'm satisfied Mr B isn't due a refund under the CRM Code. Nor can I see there are any other grounds on which I could say Halifax should, fairly and reasonably, have done more or that it should bear the responsibility for the money he's lost.

For completeness, Mr B has asked that £1,000 compensation be paid to reflect the considerable trouble and upset caused in the pursuit of the complaint and for poor service. Within the information provided, I've not seen anything that specifically sets out the service concerns to reflect the compensation sought. I acknowledge that there will be some degree of inconvenience that comes with raising a complaint but here I note, Mr B has done so via a professional representative. Given that I don't think Halifax has acted unfairly or unreasonably in not refunding Mr B under the CRM Code or in deeming this to be a civil dispute between him and R, it follows that I don't make an award for compensation in this case.

My final decision

My final decision is that I don't uphold Mr and Mrs B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 11 December 2025.

Staci Rowland
Ombudsman