

The complaint

Mr H is unhappy that Bank of Scotland plc trading as Halifax won't reimburse money he lost to a scam.

The complaint is brought on Mr H's behalf by a professional representative.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In summary, Mr H has explained that between September 2020 and September 2021 he made payments from his Halifax account towards a cryptocurrency investment which he ultimately lost to a scam.

Mr H has said he saw an advert on social media promoting a cryptocurrency investment with a company I will refer to as "A". He said he looked through reviews on A and found that they were mixed but there was nothing to suggest it was a fraudulent company. After registering his details, he was contacted by someone who I will refer to as "the scammer" who he said he built a rapport with. He was given access to a platform which he described as sophisticated.

The scammer helped Mr H set up accounts with legitimate cryptocurrency exchanges. Mr H then used his Halifax account to send money to the cryptocurrency exchange, where the funds were converted to cryptocurrency before being sent on to the scammers.

After sending a number of payments Mr H was able to make a withdrawal but when he attempted his second withdrawal at the end of March 2021, he wasn't able to do this and saw that all his funds with A had disappeared.

In order to recoup his losses, Mr H fell victim to a recovery scam. He was in contact with a company, "R", who advised that it could recover funds lost to A. Mr H paid a number of fees and charges to help R do this. R continued to ask for further fees and Mr H realised he had been scammed. Mr H lost a total of £91,667.01 to the scam. I have included a breakdown of the payments below:

Payment number	Date	Amount
1	21 September 2020	£1,000
2	3 November 2020	£6,565
3	29 December 2020	£7,500
4	30 December 2020	£3,838
5	7 January 2021	£23,735
Credit received	17 February 2021	(£2,349.09)
6	26 March 2021	£4,000
7	4 May 2021	£5,555

8	13 May 2021	£2,272.50
9	16 June 2021	£1,767
10	22 June 2021	£909
11	5 July 2021	£3,019.90
12	14 July 2021	£1,565
13	26 July 2021	£1,585.70
14	3 August 2021	£1,515
15	19 August 2021	£1,515
16	3 September 2021	£11,615
17	6 September 2021	£2,424
18	8 September 2021	£1,515
19	20 September 2021	£12,120
	Total Loss (minus credits)	£91,667.01

Mr H raised a complaint with Halifax in July 2024. It agreed it should have done more to protect him. It said it should have intervened by Payment 5. However, it did think Mr H should bear some responsibility for his part in the scam and deducted its refund by 50%. It made a payment of £45,580.89. This included £35,982.87 for the payments sent as part of the scam. Mr H had funded Payment 19 with a loan. Halifax thought it should have been aware of the scam at this point, so it settled the loan in full and offered a refund of the payments he had made. It also refunded the interest he had paid on it and 8% simple interest on the payments he made over the years as he was deprived the use of the funds. This added to £9,518.02. It also offered £80 by way of an apology for not offering a refund when first looking into the claim.

Mr H remained unhappy so brought his complaint to our service. One of our Investigators looked into the complaint and upheld it in part. He thought that Halifax should have identified that Mr H was at risk of harm at Payment 2 (rather than at Payment 5) and should have questioned him about this payment before it debited his account. If Halifax had done this, the Investigator thought that the scam would have come to light and Mr H's further losses would have been prevented from this point.

Our Investigator however thought that Mr H ought to take some responsibility for his loss too. The Investigator thought that a fair deduction to the amount reimbursed would be 50%.

Both parties remained unhappy with the outcome, so the complaint has been passed to me for a final 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, I've come to the same outcome as the Investigator for largely the same reasons. I'll explain why.

The CRM Code provides refunds in certain circumstances when a scam takes place. But as Halifax has pointed out, these payments aren't covered by the CRM code. This is because it doesn't cover payments made to an account held in a person's own name. I've therefore considered whether Halifax should reimburse Mr H under any of its other obligations.

In broad terms, the starting position in law is that a bank is expected to process payments and withdrawals that a customer authorises it to make. It isn't disputed that Mr H authorised the payments from his Halifax account. Therefore, under the Payment Services Regulations 2017 and the terms of his account, Halifax is expected to process Mr H's payments, and he is presumed liable for the loss in the first instance.

But in some circumstances, it might be appropriate for Halifax to take a closer look at the circumstances of the payments – for example, if it ought to be alert to a fraud risk, because the transactions were unusual, or looked out of character or suspicious. And if so, it should have intervened, for example, by contacting the customer directly, before releasing the payments. This is to help protect customers from the possibility of financial harm from fraud. But I'd expect any intervention to be proportionate to the circumstances of the payment.

Halifax has agreed it should have intervened from Payment 5 and thought there should be a contributory negligence deduction from this point. So, my decision will focus on whether Halifax should have intervened between Payments 1 to 4 and if there should be any deduction made for contributory negligence on the payments made towards the scam.

Payments 1 to 4

I don't think that Payment 1 would have appeared unusual given its value. I'm conscious that this payment was relatively modest so I can't see any reason for Halifax to have been particularly concerned about it.

But I agree with the Investigator that Halifax should have been concerned that Mr H may be falling victim to a scam from Payment 2. This payment was significantly higher than the previous payment. I've also reviewed Mr H's account history in the months preceding the scam and this payment wasn't in line with how Mr H usually used his account. By September 2020 when these payments started, Halifax ought fairly and reasonably to have recognised that its customers faced an increased risk of fraud when using its services to purchase cryptocurrency, notwithstanding that the payment would often be made to a cryptocurrency wallet in the consumer's own name. As the payment had the potential to cause significant financial harm to Mr H I would have expected Halifax to provide him with a warning covering off the risks posed by cryptocurrency scams.

Overall, on the balance of probabilities if Halifax had highlighted some of the common features of such scams, such as the use of adverts on social media, a broker being involved, the use of remote access software and a small initial deposit which quickly increases in value, in the circumstances I believe this would have resonated with Mr H and prevented any further loss. This is because Mr H's scam included all these common characteristics. He could have paused and looked more closely into the broker before proceeding, as well as making further enquiries into cryptocurrency scams. Mr H was honest when questioned by Halifax when it did intervene much later in the scam. So, I'm satisfied that a timely warning to Mr H from Halifax would have very likely caused him to have sufficient doubt to not go ahead with Payment 2 and the subsequent payments that followed.

In those circumstances I am satisfied it is fair to hold Halifax responsible for the loss on those payments (subject to a deduction for Mr H's own contribution which I will consider below).

Should Mr H bear any responsibility for his losses?

In considering this point, I've taken into account what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint.

I recognise that, as a layperson, there were aspects to the scam that would have appeared convincing. Mr H was impressed by the website, he was asked to provide identification documents and the scammer, who he describes as professional, had built a rapport with him.

I've also taken into account the provision of the trading platform (which, I understand, would have used genuine, albeit manipulated, software to demonstrate the apparent success of trades). I know that the fraudsters used the apparent success of early trades to encourage increasingly large deposits. I also understand that they asked him to complete identification checks. So, I've taken all of that into account when deciding whether it would be fair for the reimbursement due to Mr H to be reduced. I think it should be.

Mr H was investing significant sums of money from very early on without being aware of the returns he was expecting. Unfortunately, he hasn't been able to demonstrate any further information on this point as the account with A can't be accessed.

The documents he received in relation to the scam were mainly generic. He also found out about the scam on social media, and although he had carried out some reviews into the company, the information he found was mixed. Mr H has therefore relied mainly on what the scammer has said before investing significant sums of money. Given the amount Mr H was investing I would have expected further checks to be carried out to ensure the company he was dealing with was legitimate.

Nearly half of Mr H's losses was due to falling victim to a recovery scam with R. He was sending R significant amounts. The fact that he was transferring almost the same amount he was trying to recover ought to have made him question what he was being asked to do. He's also not carried out sufficient due diligence into R to see if it was genuine. Some of the amounts he needed to pay related to court fees. However, on reviewing the emails, the fees and the returns they promise seem unrealistic. The reasons provided for the payments also seem unconvincing. This should have put him on notice that R may not be genuine. He was also making payments through a cryptocurrency exchange, rather than paying R directly, which should have also put him on notice that this may not be a genuine company.

Taking all of the above into account I think that Halifax can fairly reduce the amount it pays to Mr H because of his role in what happened. Weighing the fault that I've found on both sides, I think a fair deduction is 50%.

As explained above, Halifax has already refunded 50% of Payments 5 to 18 and offered a full refund on Payment 19 by reworking the loan and any interest paid on this, so I won't be asking it to do anything different on these payments. For Payments 2, 3 and 4 it can fairly reduce Mr H's compensation by 50%.

Other compensation and interest

Mr H has also requested compensation in addition to a refund of the scam payments made. Halifax has already offered £80 but I can't see any reason which would suggest any further compensation is warranted in the circumstances of the complaint. This is because I have not found anything to suggest Halifax have acted incorrectly in addition to what I have described above.

Mr H has been deprived of the use of his funds on Payments 2, 3 and 4. So, Halifax should pay 8% simple interest yearly to the 50% refund on these transactions (calculated from the date of the transactions until the date of settlement). He may have used these funds in a

variety of different ways if they had remained available to him. I think 8% simple is a fair interest rate in these circumstances.

Could Halifax have done anything else to recover Mr H's money?

I'm not persuaded Halifax could have done anything more to recover Mr H's funds. I say this because he converted it into cryptocurrency and then sent this on to the scammers. As the funds were sent to an external wallet Halifax wouldn't have been able to recover them.

My final decision

For the reasons given above, I uphold in part this complaint and require Bank of Scotland plc trading as Halifax to pay Mr H:

- 50% of Payments 2, 3 and 4 – a total of £8,951.50
- 8% simple interest per year on that amount from the date of each payment to the date of settlement (less any tax lawfully deductible).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 15 October 2025.

Aleya Khanom
Ombudsman