

The complaint

Mr and Mrs C complain Bank of Scotland plc trading as Halifax ("Halifax") won't refund the money they say they lost to an investment scam.

What happened

Mr and Mrs C made a payment of £25,000 in February 2019 towards a property development investment that they now believe to be a scam. Mr and Mrs C said they heard about the investment opportunity from a work colleague who'd already invested and had received returns. They decided to invest and also received some returns.

Mr and Mrs C complained to Halifax, and their complaint wasn't upheld. Unhappy with Halifax's response, they raised the matter with the Financial Ombudsman Service. One of our Investigators looked into the complaint and didn't uphold it. They weren't persuaded Mr and Mrs C had been the victims of a scam and rather they paid a legitimate company.

As an agreement could not be reached, 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.

Mr and Mrs C raised a complaint against another firm which was referred to us. I'm aware of the other complaint but will only be commenting on their complaint against Halifax in this decision.

I would like to say at the outset that I've considered this case on its own merits and have summarised it in far less detail than the parties involved. I want to stress that no discourtesy is intended by this. It's simply because my findings focus on what I consider to be the central issues in this complaint – that being whether Mr and Mrs C were the victims of a scam and if Halifax is responsible for the loss they claim to have suffered.

I'm sorry to hear of what's happened to Mr and Mrs C, and I understand why they feel the money should be refunded. However, I don't find that Halifax has acted unfairly in processing the payments or deciding not to refund their money for broadly the same reasons as our Investigator. I'll explain why.

Where the evidence is incomplete, inconclusive, or contradictory, I must make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in light of the available evidence and the wider surrounding circumstances.

In line with the Payment Services Regulations 2017, consumers are generally liable for payments they authorise. Halifax is expected to process authorised payment instructions without undue delay. But they also have long-standing obligations to help protect customers from financial harm from fraud and scams. Those obligations are however predicated on

there having been a fraud or scam. And so, it would only be reasonable for me to consider whether Halifax is responsible for the loss Mr and Mrs C claim to have suffered if, indeed, they have been scammed. I've therefore considered whether Mr and Mrs C were victims of a scam.

Whether someone has been scammed, or the matter is a civil dispute can be finely balanced. In this instance Mr and Mrs C knowingly made the payments, so they are authorised push payments (APP). But for me to be satisfied someone has been the victim of an APP scam, I need evidence to show the customer has been dishonestly deceived about the purpose of the payments at the time they were made. Having considered the evidence here, I'm not persuaded Mr and Mrs C have been the victims of a scam and I think the matter is a civil dispute.

I'm aware the investment company completed multiple projects which suggests it used investors funds as it stated and as was expected by the investors. This isn't typical of a scam. The company went into liquidation and the liquidator investigation hasn't provided us with any evidence to show the company was operating a scam. Based on the evidence I've seen, I'm not persuaded that Mr and Mrs C have been the victims of a scam because I've not seen enough to show they were dishonestly deceived about the purpose of the payment at the time it was made.

It could be said the value of the payment meant Halifax ought to have intervened prior to processing it. It said due to the passage of time since the payment was made it can't confirm if it did or not. I believe on balance had Halifax intervened it wouldn't have prevented Mr and Mrs C from making the payment. I say this because neither they nor Halifax had identified sufficient cause for concern that the investment may have been anything other than legitimate at the time. I think had Halifax intervened to understand the circumstances of the payment Mr and Mrs C would more likely than not have been able to provide reassurances about the investment. As mentioned, it had completed previous projects and I'm aware the company was registered on Companies House which will also have been reassuring to both parties. I'm therefore not persuaded intervention from Halifax would have stopped Mr and Mrs C from making the payment.

I've also checked the official organisations that publish warnings about merchants that operate in the UK and abroad, to check if there were any warnings about the investment company that ought to have triggered Halifax's fraud prevention systems. I've searched the Investor Alerts Portal of the International Organization of Securities Commissions, the international body that brings together the world's securities regulators. As well as the Financial Conduct Authority (as the UK regulator) also has its own warning list in place to share alerts and insight about merchants that have been identified as potentially being fraudulent or at risk of scamming individuals. There were no such warnings about the investment company Mr and Mrs C paid. So, this is another reason why I don't think the payment ought to have been automatically prevented by Halifax.

I've also thought about the Contingent Reimbursement Model which Halifax is a signatory of. The code isn't a relevant consideration as it only applies where customers have been the victim of a scam, and as I've explained I find this matter is a civil dispute. Additionally, the payment was made before the code came into effect and it isn't retrospective.

Halifax should protect their customers from fraud and scams – by looking out for unusual or suspicious payments and carrying out additional checks before processing them. But, as I've explained, these obligations are predicated on there having been a fraud or scam. And given I've concluded that this payment wasn't made as part of a scam, these obligations don't apply here.

I'm sorry to disappoint Mr and Mrs C further but it would only be fair for me to ask Halifax to refund the payment if I thought it had been lost as the result of a scam and that Halifax was responsible for it. As I'm not persuaded that this was the case, I don't think Halifax needs to do anything further.

My final decision

My final decision is that I do not uphold this complaint against Bank of Scotland plc trading as Halifax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 16 October 2025.

Charlotte Mulvihill
Ombudsman