

## **The complaint**

Mr A complains that Bank of Scotland plc trading as Halifax declined to refund him for payments he made to an investment which he says turned out to be a scam.

## **What happened**

Mr A had been introduced to an investment which his parents were involved in. They'd been added to a third-party messaging group chat with other 'traders' who would discuss successful investments and provide tips on how to make a profit.

There were two brokers who advised them how to invest and guided them on what trades to place.

His parents had opened a trading account with a legitimate investment platform, and after seeing they'd made a reasonable profit on their investment persuaded Mr A to invest too.

He made an initial payment of £1,000 on 10 July 2024, followed by a further payment of £14,000 the following day as he saw the initial investment was doing well.

However shortly after the funds they'd invested disappeared and they were unable to withdraw the money they'd put into the account. They were no longer able to communicate with the brokers and later learnt that they'd been arrested for fraud.

Mr A complained to Halifax using a claims management company ("CMC") saying that he'd fallen victim to a scam.

Halifax investigated the complaint but didn't offer to refund the payments. So, Mr A brought the complaint to our service.

Our investigator looked into the complaint and said there wasn't sufficient evidence a scam had taken place. Mr A didn't agree with the investigator's views, so the complaint has been passed to me to decide

## **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.

I'm very 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.

Banks have various and long-standing obligations to be alert to fraud and scams and to act in their customers' best interests. These are predicated on there having been a fraud or scam. So, a first consideration in determining Halifax's obligations here would normally be: was Mr A scammed as he alleges?

Not every complaint referred to us and categorised as an investment scam is in fact a scam. Some cases involve investments which have resulted in disappointing returns or losses. Looking at what's happened Mr A sent payments to a legitimate platform, which is an online trading platform which offers spread betting and Contract for Difference trading (CFD). The firm is regulated by The Financial Conduct Authority (FCA).

On the FCA database there is a notice outlining that there are clones of this firm operating which are not regulated, however the evidence I've seen does not indicate that Mr A was dealing with a cloned firm.

From what I can see his parents were speaking with the brokers and had directed them to use applications which allowed them to complete 'copy trades'. This is where trades are automatically copied from another 'successful' trader with the view of making profit. As they'd seemingly made a profit, Mr A also placed his money into the platform. This type of trading is particularly high risk and can often result in people losing money or even owing more money than they'd initially invested. From what I can see, these applications are still available to download.

Whilst I can see there was involvement of brokers here who supported and guided him as to what trades to place, I can't see that the funds were not used for their intended purpose. I've been sent a breakdown of the Forex trades which were placed, and at times they were profitable.

From the information I've seen, it looks as though unfortunately due to changes in the market, several of the trades placed were unsuccessful, which resulted in the account falling into a negative balance. Whilst the brokers may have been providing poor advice which may have been misleading or unethical, I can't say that a scam has taken place. It's unclear how the brokers were profiting from the trades going up and down as I can't see there is any direct link between them and the trading platform.

I do note that Mr A has since supplied evidence outlining some people had been arrested pending further investigation for fraud, however there is limited information surrounding who was involved and the details of this, so again I don't think there is enough to say a scam had taken place.

Even if I did consider that Mr A had been scammed, I think it's highly unlikely that Halifax would have been able to uncover this. I say this because the payments were going to a legitimate investment platform – albeit a high risk one. He'd also been referred to make the payments by his parents, who had been successfully trading at this point, and I don't consider there was any unusual or high-risk factors which would have alerted Halifax to any type of scam. I wouldn't expect Halifax to be providing investment advice, only to be protecting customers from the risk of scams. There is no negative information in the public domain regarding the trading platform Mr A used which I think could have indicated he was being scammed.

As the payments had been made to a legitimate platform and used for the genuine purpose of investing, I don't see there would be any prospect of recovering the payments.

Mr A thinks that Halifax should refund the money he lost. I understand that this will have

been frustrating for him. But I've thought carefully about everything that has happened, and with all the circumstances of this complaint in mind I don't think Halifax needs to pay Mr A any compensation. I realise this means Mr A is out of pocket and I'm sorry he's lost this money. However, for the reasons I've explained, I don't think I can reasonably uphold this complaint.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 1 August 2025.

Tom Wagstaff  
**Ombudsman**