

The complaint

Mr M complains that Bank of Scotland plc trading as Halifax (“Halifax”) didn’t do enough to protect him when he made payments towards an investment opportunity that he now considers was a scam.

What happened

The background to this complaint is well known to both parties, so I won’t repeat it all in detail here. But in summary, I understand it to be as follows.

Mr M was looking for a job and came across a tutoring role via a well-known job search site. The role was with a company I’ll refer to as ‘T’. During communication with T – Mr M was introduced to its director who I’ll refer to going forward as ‘P’, Mr M was informed the tutoring role had been filled but he was given an opportunity to invest in T by P.

Mr M and P discussed the opportunity, and emails were also exchanged providing information about the investment and what Mr M would receive in return if he invested. Thinking all appeared well, Mr M proceeded to invest in T.

Mr M agreed to invest £5,000 in T for a 5% equity stake. He made two payments of £2,500 in April 2024 and was added as a director of T on Companies House. Mr M was also offered a 5% dividend paid on net profits annually, which Mr M says was around a £6,000 return on his investment based on the information given to him by P.

Mr M made a further payment of £600 in May 2024, which appears to have been a one-off loan payment.

Mr M also explained that he was offered an administrative role in T. Mr M received a contract for this role and was told he’d receive a paid salary – which Mr M accepted.

Mr M thought all seemed well, until he didn’t receive his salary when expected. Contact was made with P, and a payment was made to Mr M’s account in May 2024. Mr M says he didn’t receive his salary the following month. Mr M explained that P’s behaviour towards him changed with him claiming that Mr M had not been truthful about his experience on his C.V and, Mr M shared with us that P attempted to declare the contract null and void.

Payments were received by Mr M in July and August 2024; however, Mr M says he didn’t receive the money he was owed as part of his salary.

The relationship between Mr M and P continued to deteriorate, and Mr M subsequently asked P to remove him as a director of the company and return his funds of £5,600, alongside paying him the salary he was due for the role. Mr M didn’t receive anything back and believed he had been the victim of a scam.

Mr M reported the matter with Halifax. Halifax looked into things, but didn’t uphold his complaint. In summary, it reviewed the payments Mr M had made under the Lending Standards Board’s Contingent Reimbursement Model (“CRM Code”), but it didn’t think the

CRM Code was applicable here as it considered what had happened to have been a civil dispute between Mr M and T, rather than a scam.

Dissatisfied with Halifax's response, Mr M brought his complaint to this service. One of our Investigator's looked into things but didn't think the complaint should be upheld. In summary, based on the evidence, she was unable to say that T had set out to deliberately defraud Mr M and the payments therefore didn't meet the CRM Code's definition of an APP scam.

Our Investigator explained that based on the evidence provided by all parties, the aspects alleged to be fraudulent did not indicate that the fundamental purpose was different to what Mr M thought at the time the payments were made. She thought the funds Mr M had invested had been used towards business purposes as he'd been told the money he invested would be. While she acknowledged concerns Mr M had about T and P, she didn't think this was persuasive evidence that T was intending to scam Mr M. It followed that she didn't recommend Halifax reimburse Mr M the money he'd lost.

Mr M didn't agree with our Investigator's view. In summary he maintained that his complaint should be upheld, explaining why he thought T had scammed him. He's said he paid the £5,000 to invest in T but it was as a result of deliberate and material misrepresentation, which he considers was fraudulent in nature and his payments are therefore covered by the CRM Code.

As an agreement couldn't be reached, the complaint has 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.

Mr M has provided a lot of information here. I'd like to reassure him that I've read and considered everything that's been sent, although I haven't commented on it all within this decision. 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.

Where the evidence is unclear or more than one explanation is possible, I am required to make my findings based on the balance of probabilities – in other words, based on what I consider to be more likely than not given the available evidence.

I know this will come as a disappointment to Mr M, but I am not upholding this complaint. I don't think Halifax is responsible for refunding him the money he lost, and I will now explain why.

Is Mr M entitled to a refund under the CRM Code?

Halifax was a signatory to the CRM Code. This is a scheme through which victims of scams could (in certain circumstances) receive reimbursement from the banks involved. The CRM Code doesn't apply to all APP payments which ultimately result in a loss for the customer. It only covers situations where the payment meets its definition of an APP scam. The relevant definition for this case would be that Mr M transferred funds to another person for what he believed was a legitimate purpose, but which was in fact fraudulent.

I've considered the evidence available, but I can't fairly conclude that Mr M has been the victim of a scam in line with this required definition. This means the CRM Code doesn't apply to his payments and so Halifax isn't required to reimburse him under it. Our Investigator covered why she considered the payment purpose Mr M had in mind, and the purpose in which the recipient had were not fundamentally different. I'm in agreement with them that this was the case.

From what I've seen and been told, Mr M made the payments to invest in T and for the funds to be used to move T forward. And that he was persuaded at the time that this was a legitimate investment opportunity.

Mr M has said he received a share certificate, but that this has since been misplaced. As such, I've not seen the share certificate and what it sets out. I recognise Mr M feels this was issued to create an illusion of legitimacy and to give a false impression of legal standing as the certificate was not accompanied by any actual share allotment – for which he's referred to T's filings on Companies House. I've thought carefully about what Mr M has told us, and while I've not seen information that shows the shares were allocated to Mr M, this could be consistent with P breaking an agreement as much as with P never having intended to provide the 5% equity share in T from before the payments were made. Further, I can see that after Mr M made the payments in April, he was added as a director of T on Companies House.

There are a number of potential reasons (other than an APP scam) for a breakdown in a relationship between two parties and for a dispute to exist. And unfortunately, there are businesses/people (P and his company) that can fail or be mismanaged such that agreements and agreed goods and services aren't provided. But that doesn't necessarily amount to evidence of an intent to commit an APP scam from the outset.

From the information provided, I don't think there is enough evidence to suggest that there were cross purposes between Mr M and P. I say this because, I'm satisfied Mr M made the payments on the belief that he was paying P to invest in T and move the company forward in return for an equity share in T. And based on everything I've seen and been told I also don't find that I can safely conclude that the purposes for which P or the company he was representing (T), for which P obtained the payments were significantly different to what Mr M had thought at the time, given that a share certificate was sent to Mr M and he was added as a director of T on Companies House.

When carefully considering the above, while I think there might have been some poor business practices, I can't say with any certainty, based on what I've seen, that P's intention was to defraud Mr M when he took his funds.

Following my review, there are also aspects that I don't find consistent with typical fraudster behaviour – in that a fraudster attempts to obtain as much money as quickly as possible. Here, I have to keep in mind that payments were received by Mr M in May, July and August 2024, albeit I accept Mr M says the money he received is not the money he is due.

And from the messages provided of contact between Mr M and P, I also note that P in August 2024, raised he didn't agree with the figures Mr M had come to but that he was happy to agree a mutually acceptable settlement/solution and that if this was not possible then he'd seek advice. I can also see within contact with Mr M, P referred to a breakdown in communication between him and Mr M and said he didn't wish to engage in conflicts – making a mention to concerns that P had outlined with Mr M previously. P also commented in this contact that he thought they should keep the lines of communication open.

Usually, I think it more likely than not that once a fraudster has been uncovered that they cease contact, but here I can see that P was in contact with Mr M, however, from what I've seen it appears that the relationship between Mr M and P deteriorated to the extent that Mr M in an email of 14 August 2024, told P that he had no intention of having any correspondence with him further to that email any longer.

From what I've seen, the information indicates that both parties have put forward concerns about behaviour and professionalism, which I do acknowledge Mr M disputes in relation to himself. I can't know with complete certainty what has transpired as I was not present at the time. As I've explained above, where the evidence is unclear or more than one explanation is possible, I am required to make my findings based on the balance of probabilities – in other words, based on what I consider to be more likely than not given the available evidence.

All things considered, in the circumstances of this case, I can't agree Halifax was wrong to consider Mr M's situation a civil matter or is wrong not to have reimbursed him under the CRM Code at this time.

It's possible that material new evidence may become available at a future date, which suggests that P did take Mr M's payments using dishonest deception. If that happens, Mr M can ask Halifax to reconsider his claim and, if not satisfied with its response, bring a new complaint to our service. But I'm satisfied, based on the available evidence that I have seen and been presented with by all parties, that this is a civil dispute. I don't say any of this to downplay or diminish what Mr M has been through here. However, my role is limited to looking at the actions and inactions of the bank and, while I'm sorry to have to disappoint him, I'm satisfied Halifax's decision that these payments did not fall under the scope of the CRM Code was correct.

As I've concluded there is insufficient evidence to demonstrate Mr M fell victim to an APP scam, I haven't needed to determine whether Halifax could have recovered any funds.

Employer/Employee dispute

For completeness, I note Mr M's comments about his employment and not receiving his salary. This aspect falls outside of the scope of this service as this is more an employee/employer dispute that Mr M will need to pursue outside of this service. I say this because, our role is to look at the actions of the bank – in this case, Halifax. So, in my review of this complaint, I have considered whether I think Halifax has acted fairly and reasonably in deeming this matter a civil dispute and in not reimbursing Mr M the money he says he lost to what he believes to be a scam.

Concerns about P

I'm also aware of Mr M's concerns about P, in that he believes P has changed his name so that a previous conviction would go undetected. I'd like to assure Mr M that I've considered everything I've seen and been told and, while I appreciate Mr M feels this information goes to support his belief that P has scammed him, I'm afraid I can't place the same amount of weight on this information as he'd like me to.

I think it's important to note that it isn't for Halifax or this service to investigate P or somehow prove that P wasn't operating legitimately. It was for Mr M to provide evidence to support those allegations. This service also doesn't have the powers of the Police and, I don't have access to Police information around possible convictions and identities pertaining to individuals. So, while I take on board Mr M's suspicions about P, I've not seen any conclusive evidence to support this aspect or persuasive evidence that changes the outcome I've reached.

Vulnerabilities

Mr M has raised he was vulnerable at the time of making the payments and that P set out to scam him from the outset. I've thought carefully about everything Mr M has kindly shared with us, but I'm afraid given that I don't think Mr M's payments meet the definition of an APP scam, this also means I'm unable to ask Halifax to reimburse Mr M on the basis that he was vulnerable at the time the payments were made. When the CRM Code applies, a customer can be reimbursed if they meet the definition of vulnerable, even when an exception to reimbursement applies. But since the CRM Code doesn't apply, I'm afraid that definition doesn't apply either.

I'm sorry to hear of what's happened to Mr M and I have a great deal of sympathy for him. He has lost a significant amount of money, and I don't doubt he has possibly been badly let down by P. But I'm not persuaded this is something that Halifax can fairly be said to be responsible for. And it follows that there isn't a reasonable basis upon which I can require them to do more to resolve 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 M to accept or reject my decision before 12 November 2025.

Staci Rowland
Ombudsman