

The complaint

Mr and Mrs H complain that Bank of Scotland plc, trading as Halifax, won't refund the money they lost when they were the victims of a scam.

What happened

In May 2024, Mr and Mrs H were looking to buy a lawnmower and found one they were interested in advertised on a social media platform. They spoke to the seller, were sent a number of photos and videos of the mower and then agreed a price to buy it and to pay for it to be delivered to them. So they then made a payment of £1,750 from their Halifax account to bank details the seller gave them.

Unfortunately, after the payment was made, the seller stopped responding to them. And so the delivery of the mower was never arranged and Mrs and Mrs H never received it. They then reported the payment they had made to Halifax as a scam, and asked it to refund the money they had lost.

Halifax investigated, but said it felt Mr and Mrs H could have done more to check that the sale was genuine and that it had no concerns about the payment when it was being made. It paid Mr and Mrs H £30 as compensation for poor customer service during their claim, but didn't agree to refund the money they had lost. Mr and Mrs H weren't satisfied with Halifax's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They thought Halifax had acted reasonably in not agreeing to refund the money Mr and Mrs H had lost. But they thought it should increase its offer of compensation for the poor service it provided to a total of £125. Halifax accepted what our investigator suggested, but Mr and Mrs H didn't agree 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.

Having done so, I don't think it would be fair to require Halifax to refund the payment Mr and Mrs H made here. I'll explain why below.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

Halifax is a signatory of the Lending Standards Boards Contingent Reimbursement Model (the CRM code). This requires firms to reimburse customers who have been the victim of authorised push payment scams, like the one Mr and Mrs H fell victim to, in all but a limited

number of circumstances. And it is for the firm to establish that one of those exceptions to reimbursement applies.

Under the CRM code, a firm may choose not to reimburse a customer if it can establish that:

- The customer ignored an effective warning in relation to the payment being made
- The customer made the payment without a reasonable basis for believing that:
 - o the payee was the person the customer was expecting to pay;
 - o the payment was for genuine goods or services; and/or
 - o the person or business with whom they transacted was legitimate

There are further exceptions within the CRM code, but these don't apply here.

Did Mr and Mrs H have a reasonable basis for belief when making the payment?

Halifax has argued that Mr and Mrs H didn't have a reasonable basis for belief that the purchase of the lawnmower was genuine when they made the payment, as there were a number of red flags which suggested it wasn't genuine. And while I appreciate they have been the victims of a cruel scam, I do think there were a number of things about what was happening and what they were told that should have caused Mr and Mrs H significant concern.

While it is difficult to accurately value items such as the lawnmower Mr and Mrs H were looking to buy, from what I've seen it appears that the seller was listing this mower for sale at significantly below market value. It appears to have been listed at less than a third of the usual market value for mowers of a similar age, make and model. And, from the messages I've seen between him and the seller, it appears that Mr H was aware the mower was listed at below market value, as he mentioned that he was unlikely to find one at that price in his area.

I appreciate that Mr and Mrs H have said they assumed the lawnmower was listed at a lower price due to the remote location it was based in. But, even taking into account the charge for delivering the mower to them they agreed with the seller, the price was still significantly below what appears to be the usual market value for this kind of lawnmower. And Mr and Mrs H don't appear to have questioned the low price or been given any explanation for it by the seller. So I'm not satisfied this was a reasonable assumption for them to have made. And I think the price the lawnmower was listed at should have caused them significant concern that what they were being told was too good to be true.

Mr and Mrs H were also sent a number of photos of the lawnmower and some of the paperwork for it before they agreed to buy it. But the engine serial number shown on the paperwork doesn't match the engine serial number shown in one of the photos they were sent. And as the numbers shown are so significantly different and so clearly visible in the photos, I think this discrepancy should have caused them significant concern.

I understand Mr and Mrs H have said they saw that the engine serial number visible in another photo matched the one in the paperwork, so didn't think there was a problem. But the photo in which the serial number doesn't match the paperwork only shows the plate with the serial number on it, and the serial number is very clear. Whereas the photo where the serial number does match the paperwork is of part of the motor of the mower, and the serial number is only visible in one corner. So even if Mr and Mrs H did see the matching photo first, I don't think it's reasonable that they either didn't see the non-matching photo, didn't notice that the numbers were significantly different or weren't caused significant concern by this.

Mr and Mrs H have also said that they looked up the company named on the invoice for the lawnmower they were given. But they've said when they did this before making the payment, they found that the company was dissolved. And I think being asked to pay a dissolved company should have caused them significant concern, but they don't appear to have questioned this or been given any explanation about it by the seller. And while there are several companies registered with similar names to the company name they were given, none of those companies are based in the location Mr and Mrs H were told the lawnmower was located in, and none of the names of the people connected with those companies match the names of the sellers Mr and Mrs H had been speaking to. So having looked up the company, I think the information they found should also have caused Mr and Mrs H significant concern.

While this was a sophisticated scam and I appreciate that Mr and Mrs H are relatively inexperienced and unaware of some of the possible further checks they could have carried out, I do think there were a number of things about what they were told and the information they did have that should have caused them significant concern. And I don't think the seemingly genuine parts of the scam should have been enough to overcome those concerns.

So I think Halifax has established that Mr and Mrs H made the payment here without a reasonable basis for belief that the sale was genuine. And so it has established that one of the exceptions to reimbursement under the CRM code applies here, and it does not have to refund Mr and Mrs H all the money they lost.

Did Halifax meet its obligations under the CRM code?

Even though I don't think Mr and Mrs H had a reasonable basis for belief when making the payment, they may still be entitled to a refund of some of the money they lost if Halifax didn't meet its obligations under the CRM code – one of which is to provide effective warnings when it identifies a scam risk.

But the payment Mr and Mrs H made here wasn't for a particularly large amount, or for an amount where I'd expect Halifax to recognise it as suspicious based on its size alone. It didn't form part of a pattern of payments I would've expected Halifax to identify as suspicious. And I don't think there was anything else particularly unusual or out of character about the payment.

So I wouldn't have expected Halifax to identify a scam risk as a result of this payment. And so I don't think it would be fair to say it had failed to meet its obligations under the CRM code by not providing more of a warning or doing anything further when Mr and Mrs H made this payment.

I therefore don't think it would be fair to require Halifax to refund the payment Mr and Mrs H made under the CRM code here.

Did Halifax do enough to try to recover the money Mr and Mrs H had lost?

Once they are notified of a scam, we expect firms to take reasonable steps to try to recover any money their customers have lost.

But from what I've seen of the account Mr and Mrs H sent the payment to, the funds they sent had been removed from the account before they reported the payment to Halifax as a scam. And so I don't think anything I would reasonably have expected Halifax to have done would have led to any of their money being recovered.

Did Halifax provide Mr and Mrs H with a reasonable level of customer service?

When trying to raise this claim with Halifax, Mr and Mrs H have said they were initially given an incorrect phone number to call and, when they then called the correct number, they were on hold for a significant period of time, were transferred between a number of agents and had several calls disconnected. They've also said the outcome letter they received didn't contain the details of our service, as they were told it would.

So I don't think the customer service they received from Halifax met the standards we'd expect, and I think this poor customer service caused Mr and Mrs H significant distress and inconvenience.

I don't think the £30 Halifax paid them is fair and reasonable compensation for the distress and inconvenience this poor customer service caused them, and so I think Halifax should now pay them a further £95 – for a total of £125 – as this would be a fairer award of compensation.

My final decision

For the reasons set out above, I uphold this complaint in part and require Bank of Scotland plc, trading as Halifax, to:

- Pay Mr and Mrs H a further £95 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs H to accept or reject my decision before 19 September 2025.

Alan Millward
Ombudsman