

## **The complaint**

Mr S is complaining that Bank of Scotland plc trading as Halifax (Halifax) didn't do enough to prevent him from making payments to a cryptocurrency investment scam.

The complaint is brought on his behalf by a professional representative.

## **What happened**

In 2023 Mr S became involved in a cryptocurrency investment scam, after being recruited by a friend. The scam operated as a type of pyramid scheme, and initially Mr S appears to have been able to make some reasonably substantial withdrawals from it. Mr S was encouraged to invest more funds, and he did so from his account with Halifax– but in late 2023 Mr S realised he'd been involved in a scam.

Mr S raised a complaint with Halifax through his representative. Halifax responded to say it wasn't going to refund Mr S's payments – and he brought his complaint to the Financial Ombudsman.

I can't see that Mr S's representative has sent an exact list of the transactions he was disputing from this account when it raised a complaint with Halifax, or subsequently with us. But judging by the dates and payees, it appears that Mr S is disputing 21 payments made to cryptocurrency exchanges between 11 September 2023 and 20 November 2023 which were subsequently paid on to the scam. The payments were all made by debit card.

Our Investigator didn't uphold Mr S's complaint, because she didn't think Halifax ought to have found the payments to the scam suspicious. Mr S's representative didn't agree, so the complaint was passed to me for review and a decision.

I issued my provisional decision on 21 May 2025. This is what I said.

*"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'm not currently minded to uphold Mr S's complaint. I'll explain why.*

*I've thought about the Contingent Reimbursement Model (CRM) code which can offer a potential means of obtaining a refund following Authorised Push Payment (APP) scams. But the CRM code doesn't apply to payments made by debit card, so Mr S's payments are not covered under it. I've therefore considered whether Halifax should reimburse Mr S under any of its other obligations.*

*It's not in dispute that Mr S authorised the payments, and Halifax does have a duty to act on his instructions. But in some circumstances, it should take a closer look at the circumstances of the payments – for example, if it ought to be alert to a fraud risk, because the transaction is unusual, or looks out of character or suspicious. And if so, it should intervene, for example, by contacting the customer directly, before releasing the payments. I'd expect any intervention to be proportionate to the circumstances of the payment.*

*But I've also kept in mind that banks such as Halifax process high volumes of transactions each day. There is a balance for it to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate.*

*I have reviewed the available statements which show Mr S's general account activity, along with the payments he made to the scam. And having considered when they were made, their value and who they were made to, I'm not persuaded Halifax ought to have found any of the payments suspicious, such that it ought to have made enquires of Mr S before processing them.*

*Mos of the payments here were of a relatively low value of £300 or less. There were two more significant payments - £1,500 on 30 October 2023, and £1,375 on 20 November 2023. But even these payments simply weren't of a value where I'd expect Halifax to have been concerned. And the payments were also reasonably spread out over a period of around ten weeks and didn't escalate rapidly in value or frequency in a way which can sometimes be an indicator of a scam.*

*I've taken into account that the payments were made to cryptocurrency, which – as Mr S's representative has pointed out – was a change in activity for this account. At the time the payments were made I'd expect Halifax to have been aware of the increased risk to its customers of multistage fraud, often including payments to cryptocurrency. But that doesn't mean payments to cryptocurrency should automatically be treated as suspicious. People can, and do, invest in cryptocurrency legitimately.*

*Taking all the circumstances into account, I don't think it was unreasonable for Halifax not to view the payments as suspicious, such that it should have carried out any additional checks or given an additional warning before processing the payments. So, I don't think it ought to have done any more to prevent the scam payments Mr S made.*

*It's possible to dispute a debit card payment through a process called chargeback, which can sometimes be attempted if something has gone wrong with a debit card purchase, subject to the relevant card scheme's rules. But I don't think there was any prospect of any chargeback being successful here – because it seems the cryptocurrency exchanges provided the service Mr S had paid for.*

*I'm sorry to disappoint Mr S. But because I don't think Halifax ought to have done anything more to prevent the payments being made, it wouldn't be fair or reasonable to ask it to refund them."*

I asked both parties to reply to my provisional decision with anything else they wished to add before I issued my final decision.

Halifax responded to say it had nothing to add.

Mr S's representative responded with some points it wished to add, as follows:

- It provided some evidence to show how Mr S was coached by the scammers to set up an account with a cryptocurrency exchange.
- It explained that Mr S had never invested in cryptocurrency before and was inexperienced and vulnerable, which Halifax should have considered.
- It said that Mr S had confirmed he didn't receive any scam warnings or intervention, so Halifax missed the opportunity to provide friction.

- There was an escalating pattern of payments – the payments increased significantly in value, reaching £1,500 and £1,375, over a short period, and combined with the shift in activity type it believes intervention was warranted.

### **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.

In my provisional decision I concluded that I didn't think Halifax ought to have found Mr S's payments suspicious, such that it should have intervened. It's not in dispute that Mr S fell victim to a scam, nor that Halifax didn't intervene – so I don't think I need to address these two points in Mr S's representative's response further.

I've taken into account that Mr S had never invested in cryptocurrency before, and in my provisional decision I explained why I didn't think this should have caused Halifax to be suspicious in these circumstances. I've not changed my decision on this point.

As I've also explained in my provisional decision, I don't agree with Mr S's representative that the payments increased significantly in value over a short period in a way which should have caused Halifax to be concerned about a scam. The payments were made over a period of ten weeks, and there were 21 days between the two payments Mr S's representative has highlighted.

I'm sorry to disappoint Mr S. But having considered his representative's further points, I still don't think Halifax ought to have done anything else to prevent him from making the payments to the scam. So, I don't think it would be fair and reasonable to ask Halifax to refund the payments.

### **My final decision**

My final decision is that I'm not upholding Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 30 June 2025.

Helen Sutcliffe  
**Ombudsman**