

The complaint

Mr G complains about Bank of Scotland plc, trading as Halifax, only giving him a partial refund when he became a victim of an investment scam.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Around September 2024, Mr G received an unexpected message on his messaging app inviting him to join a group and review a website about profitable foreign exchange and cryptocurrency trading.

Mr G then discussed cryptocurrency trading, saw market news and could see cryptocurrency investors in the group who'd had high returns from an investment scheme.

In November 2024, Mr G was contacted by X (a scammer) about Q trading and F Investment Academy and, after showing him trading platform results, X persuaded him to invest £500.

Mr G believed the companies were approved overseas having been provided with certificates. Mr G considered their website to be professional and says he found positive reviews on the internet. Also, members of the group discussed very high profits.

Mr G spoke to X regularly and says that he made some successful trades and received approximately 30% return on his investment.

Mr G made the following payments into the investment scheme platform from a pre-existing account he had with a crypto exchange called Company K, who upon his instruction pulled the payments from his Halifax account:

No.	Date & Time	Payee / Payment Type	Amount
1	04/11/2024 14:08	Pulled from Mr G's account with Company K via Open Banking	£500
2	05/11/2024 15:39	Pulled from Mr G's account with Company K via Open Banking	£1,400
3	12/11/2024 17:35	Pulled from Mr G's account with Company K via Open Banking	£3,400
4	12/11/2024 19:45	Pulled from Mr G's account with Company K via Open Banking	£600
5	12/11/2024 19:49	Pulled from Mr G's account with Company K via Open Banking	£50
6	20/11/2024 14:08	Pulled from Mr G's account with Company K via Open Banking	£5,000
7	20/11/2024 14:12	Pulled from Mr G's account with Company K via Open Banking	£4,500
Sub-total			£15,450
8	26/11/2024 19:50	Pulled from Mr G's account with Company K via Open Banking	£13,000
9	26/11/2024 20:06	Pulled from Mr G's account with Company K via Open Banking	£12,000
10	27/11/2024 11:18	Pulled from Mr G's account with Company K via Open Banking	£10,000
11	27/11/2024 11:23	Pulled from Mr G's account with Company K via Open Banking	£10,000

12	27/11/2024 11:40	Pulled from Mr G's account with Company K via Open Banking	£5,000
Total			£65,450

Mr G says that apart from £11,000, the £65,450 he invested was borrowed from family and friends.

Mr G realised he'd been scammed after Halifax intervened, after payment number 12, and him subsequently not being able to make a withdrawal and being taken off the group messaging.

Mr G complained to Halifax, seeking a refund of his loss, as he considers that they didn't do enough to protect him.

Halifax initially rejected his complaint but, upon review, after Mr G escalated his complaint to our service, they realised they should've done more to protect him from payment number 8 onwards. Halifax issued a final response letter which:

- *Explained 'Your spending became suspicious when you transferred £25,000 in one day. Prior to this, your spending did not raise any concerns and appeared normal based on your previous transactions. This is the point at which we should have intervened and questioned you further about the payments. Had we done so, we could have identified the scam and stopped further transactions'.*
- Credited Mr G with a payment of £25,511.60. This was 50% of the amount he lost, from payment 8, plus interest and a £50.00 service apology payment.

The reason for the 50% deduction and shared liability was Mr G's contributory negligence. However, I can't see that Halifax's letter explains this. Although, Mr G says he didn't realise the credit was a refund as he didn't receive their letter, our investigator explained Halifax's letter and offer before finalising his view on the complaint.

In his view, he agreed that payment 8 was the point Halifax should've intervened and that he considered their refund and compensation offer to be fair. Regarding the shared liability, our investigator said Halifax should've stopped the payments (from payment 8), but Mr G also contributed to the loss through his actions.

Mr G remains dissatisfied as he believes that Halifax should've flagged payment number 3 and he would've then saved most of his money. So, he is expecting 75% of his loss rather than 50% from payment number 8. Also, he considers that our investigator made an error in thinking he said he was an experienced cryptocurrency trader.

So, this complaint has been passed to me to look at.

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, although I'm very sorry that Mr G has been the victim of this cruel scam and lost a significant amount of money here, I'm not upholding his complaint. And I'll explain why. I'd first like to say:

- From reviewing file submissions, I'm satisfied that Mr G has been the victim of a cruel scam.
- Although I don't underestimate the severe impact this has had on Mr G, I must approach this matter objectively.

- I've carefully considered all the points Mr G and Halifax have made and I've focused on what I think are the important points to reach a final decision.
- I'm satisfied that the APP Scam Reimbursement Rules, introduced by the Payment Systems Regulator in October 2024, for customers who have fallen victim to an APP scam, don't apply to the payments Mr G authorised to another account under his control.
- I'm also satisfied that Halifax took the steps it should've, once it was aware that the payments were the result of fraud. They contacted the receiving company as soon as it was aware of the fraud but unfortunately the money had been moved by the time the fraud had been reported.

It isn't in dispute here that, having been persuaded by X, Mr G authorised Halifax to make payments totalling £65,450 to his account with Company K and then in crypto to the scammer. So, although he clearly didn't intend the money to go to a scammer, the starting position in law is that Halifax were obliged to follow their payment instruction and Mr G isn't automatically entitled to a refund.

Under the Payment Services Regulations 2017 (PSR) and in accordance with general banking terms and conditions, banks should execute an authorised payment instruction without undue delay.

The starting position is that liability for an authorised payment rests with the payer, even where they are duped into making that payment. In accordance with the law, regulations and good industry practice, a bank should be on the look-out for and protect its customers against the risk of fraud and scams so far as is reasonably possible. If it fails to act on information which ought reasonably to alert a prudent banker to potential fraud or financial crime, it might be liable for losses incurred by its customer as a result.

However, banks do have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm, against the risk of unnecessarily inconveniencing or delaying legitimate transactions.

I consider Halifax should at that time fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks such as anti-money laundering and preventing fraud and scams.
- Have systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

Halifax accept they should've done more here and prevented some of Mr G's loss. Upon reflection, they think they should've intervened at an earlier stage. They say payment number 8 to Company K (a well-known crypto exchange), for £13,000 on 26 November 2024, should've been the trigger point, but Mr G disagrees. Mr G thinks Halifax should've noticed he was at risk of financial harm by at least payment number 3.

I looked closely at all the payments that preceded payment number 8, and I'm not persuaded that any of these should've been blocked or triggered a Halifax intervention. This is because:

- Although cryptocurrency does carry a higher risk and isn't a regulated activity, it isn't unusual for consumers to use or invest in cryptocurrency and it is common for them to use crypto exchange companies. So, I wouldn't expect a financial firm to intervene

where payments are low, or it is established that they are going to a crypto exchange.

- Halifax process thousands of payments each day and, as mentioned above, they have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm.
- Halifax would've been able to see from Mr G's transaction history that he previously made payments to Company K, so it was an established payee and a legitimate crypto exchange.
- The statements on file only go back to September 2023 but these show four transactions in November 2023 to Company K up to £1,400 and three of the seven payments (numbers 1, 4 and 5) were for lower amounts and one of seven (number 2) for this same amount.
- Halifax would've also been able to see, prior to November 2024:
 - Seventeen payments, with one payment in July 2024 for £4,500, to a legitimate broker providing trading services with forex and crypto.
 - Forty payments to a legitimate money transfer service, with two payments in May 2024 for £9,581.45 and £9,590.64, specialising in fast remittance services with various options for sending money including mobile wallets.

So, in addition to Mr G being an established user of a crypto exchange through Company K, Halifax would've seen he did make large payments for investments. Therefore, payment numbers 3, 6 and 7 (for £3,400, £5,000 and £4,500) wouldn't have looked unusual or out of character.

- There wasn't a suspicious pattern about the seven payments such as numerous same day payments or consecutive payments, and they were spread over a three-week period.

However, payment number 8 for £13,000 was a higher amount than Mr G had been paying and, for this reason together with his high cumulative spend with Company K in November 2024, I'm in agreement with Halifax that this should've triggered an intervention with one of their fraud and scam agents to find out what was occurring and check Mr G wasn't at risk of financial harm.

The scam was unravelled when Halifax intervened at a later point, when the transactions had significantly increased and, on this basis, I think it is fair and reasonable that they've accepted the same result would've occurred earlier and accepted some liability for Mr G's loss.

I then considered whether it would've been fair and reasonable for Halifax to have accepted full liability.

There's a general principle that consumers must take responsibility for their decisions. With this in mind, I have considered whether Mr G did enough to protect himself from the scam. Although I recognise how convincing these cruel scammers are and I recognise the impact on him, I don't think he did enough.

I'm satisfied Mr G was experienced in investments. Mr G disputes this included cryptocurrency. However, from listening to two call recordings, viewing all the file notes including other call notes and looking at statements, I'm satisfied he did have experience in cryptocurrency.

Although I've borne this in mind and therefore think Mr G should've had a greater awareness of risk, I think the following points, which I consider to be contributory negligence from Mr G, wouldn't just apply to crypto investments:

- Mr G says he looked at a well-known review website and found no evidence of a scam at the time. However, both Halifax and our investigator say that, upon searching, they've seen poor and concerning reviews, that pre-dated November 2024, and these contained clear scam comments and elements of the scam. Having also completed internet checks, I'm not persuaded that Mr G's due diligence was adequate.
- Mr G questioned whether the investment company was regulated and told Halifax he knew the importance of FCA approval. The scammers appear to have said they were waiting to be approved and currently only approved overseas. Although Mr G obtained a certificate from them and the FCA only put out a warning on 20 November (after payment number 7), as part of his due diligence, I think he should've been concerned and made further enquiries about regulatory approval and looked to confirm the certificate was genuine. As the certificate was a fake this would've unravelled the scam.
- In a call recording with our service Mr G expressed shock at how significantly high his profits were going to be. Considering Halifax's general and crypto scam warnings, FCA crypto warnings and that Mr G wasn't an inexperienced investor, I think these should've stood out as a risk to him.

Considering the above, I think there was contributory negligence from Mr G, and it is only fair that liability is split where a business and the customer are both at fault for the loss.

Regarding compensation, Halifax's £50 payment was for a specific response delay, and I think this was reasonable. I wouldn't though expect Halifax to compensate Mr G for being scammed as his loss was caused by the cruel scammers and not them.

In conclusion, I recognise Mr G has been the victim of a cruel scam and I'm very sorry he's lost this money. I realise the outcome of this complaint will come as a great disappointment to him but, for the reasons I've explained, I think Halifax's partial refund from payment number 8 is fair and reasonable, so I won't be upholding this complaint and asking them to make any further refund.

My final decision

For the reasons set out above, my final decision is that I'm not upholding this complaint against Bank of Scotland plc, trading as Halifax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 26 September 2025.

Paul Douglas
Ombudsman