

The complaint

Mr B complains that Bank of Scotland plc, trading as Halifax, won't refund the money he lost when he was the victim of what he feels were scams.

What happened

Between June and November 2024, Mr B made a number of payments from his Halifax account to several different individuals for what he says were adult services. But Mr B says the individuals then didn't provide the services they had agreed and didn't send his money back to him. So he felt he had been the victim of scams and reported the payments he had made to Halifax.

Halifax investigated but said it felt the available evidence suggested this was a number of civil disputes between Mr B and the individuals he had sent the money to, rather than scams. So it didn't agree to refund the payments he had made. Mr B wasn't satisfied with Halifax's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think there was enough evidence to show what Mr B had paid for and that he hadn't received it, or that he was tricked or deceived into making the payments. So they thought Halifax had acted reasonably in rejecting his claim. Mr B disagreed with our investigator, 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 payments Mr B has complained about 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 it to make. However, where the customer made the payments 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 payments.

Is Mr B entitled to a refund under the CRM code?

The Lending Standards Boards Contingent Reimbursement Model (the CRM code) was a voluntary code which Halifax had signed up to. This code was in place when Mr B made the payments between 10 June and 16 September 2024, and required firms to reimburse customers who had been the victim of certain types of scams, in all but a limited number of circumstances. But customers were only covered by the code where they had been the victim of a scam – as defined in the code.

The relevant definition of a scam from the CRM code is that the customer transferred funds to another person for what they believed were legitimate purposes but were in fact fraudulent.

The CRM code also says it doesn't apply to private civil disputes, such as where a customer has paid a legitimate supplier for goods or services but has not received them, they are defective in some way, or the customer is otherwise dissatisfied with the supplier.

So in order to determine whether Mr B has been the victim of a scam as defined in the CRM code I need to consider whether the purposes he intended for the payments was legitimate, whether the purposes he and the individuals he paid intended were broadly aligned and then, if they weren't, whether this was the result of dishonest deception on the part of the individuals.

But I'm not satisfied the evidence I've seen shows that the individuals intended different purposes for the payments, or that Mr B's and the individuals' purposes for the payment weren't broadly aligned.

I appreciate Mr B has said he agreed with the individuals that they would send him a number of photos and videos in exchange for the payments he sent them. But while he has sent our service a number of screenshots showing his conversations with the individuals, I can't see that any of these screenshots clearly show an agreement of what Mr B would pay and what he would receive in return. So I don't think I can say with any certainty what was agreed between Mr B and the individuals.

Some of the screenshots Mr B has sent our service also show that he was sent photos and videos by some of the individuals. So it's also not clear that he didn't receive at least some of what he had agreed and was intending to pay for.

And while some of the screenshots suggest Mr B was blocked by some of the individuals, they also show communication with him after payments were made and don't appear to show the sort of behaviour I would usually expect from scammers. So I don't think they show the individuals set out with the intention of scamming Mr B.

And so I'm not persuaded the available evidence is sufficient to safely conclude that the purposes the individuals intended for the payments was different than the purposes Mr B intended. And so I don't think Halifax has acted unreasonably in saying the circumstances here don't meet the definition of a scam from the CRM code, and in not agreeing to refund these payments as a result.

Is Mr B entitled to a refund under the ASR rules?

The Payment Systems Regulator introduced the APP Scam Reimbursement (ASR) rules on 7 October 2024 to reimburse consumers who are the victims of APP scams in certain circumstances. So these rules were in place when Mr B made the later payments in October 2024 and onwards. But these rules also only apply where the customer has been the victim of an APP scam, which the rules define as:

"Where a person uses a fraudulent or dishonest act or course of conduct to manipulate, deceive or persuade a Consumer into transferring funds from the Consumer's Relevant account to a Relevant account not controlled by the Consumer, where:

- The recipient is not who the Consumer intended to pay, or*
- The payment is not for the purpose the Consumer intended"*

The rules also specifically outline that private civil disputes are not covered. And a private civil dispute is defined in the rules as:

“a dispute between a Consumer and payee which is a private matter between them for resolution in the civil courts, rather than involving criminal fraud or dishonesty.”

In its published policy statement PS23/3, the Payment Systems Regulator gave further guidance:

“Civil disputes do not meet our definition of an APP fraud as the customer has not been deceived [...] The law protects consumer rights when purchasing goods and services, including through the Consumer Rights Act.”

It also provided an example of a civil dispute:

“...such as where a customer has paid a legitimate supplier for goods or services but has not received them, they are defective in some way, or the customer is otherwise dissatisfied with the supplier.”

So in order to determine whether Mr B has been the victim of a scam as defined in the ASR rules, I need to consider whether these payments were made for the purposes he intended and then, if they weren't, whether this was the result of fraud or dishonesty on the part of the individuals.

But, for the same reasons I explained above in relation to the payments covered by the CRM code, I'm not persuaded the available evidence is sufficient to safely conclude that the purpose the individuals intended for these payments was different than the purposes Mr B intended, or that the payments weren't made for the purposes Mr B intended.

And so I think Halifax has acted reasonably in saying the circumstances here don't meet the definition of a scam from the ASR rules, and in not agreeing to refund the money Mr B lost from these later payments.

I also don't think there are any other grounds on which it would be fair and reasonable to require Halifax to refund the payments Mr B has complained about here.

I appreciate that Mr B has mentioned a medical condition that was affecting him at the time he made these payments. And my intention isn't to diminish the severity of his condition and I don't underestimate the impact it has on him. But, as I don't think either the CRM code or the ASR rules apply here, I don't think his circumstances are such that I would have expected Halifax to take significantly different action or to refund the payments.

I sympathise with the position Mr B has found himself in and I recognise that he feels he has been scammed, did not receive what was agreed and has not received money he feels should have been returned to him. But I can only look at Halifax's responsibilities and, for the reasons I've explained above, I don't think it would be fair to require Halifax to refund the payments he has complained about here.

Mr B also complained about the amount of time it took Halifax to look into his complaint. But, from what I've seen, Halifax requested information from him in order to investigate his claim and then gave him an outcome based on the information it had. It then reviewed the claim when Mr B said he was unhappy with the outcome. And I don't think the time Halifax took to give Mr B an outcome was unreasonable or caused him distress or inconvenience on a level to warrant compensation.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 February 2026.

Alan Millward
Ombudsman