

The complaint

Miss A complains that Bank of Scotland Plc, trading as Halifax, won't reimburse funds she lost to fraud and provided poor service.

What happened

As the circumstances of this complaint are well-known to both parties, I have summarised them briefly below.

In or around August 2024, Miss A sought the services of a contractor to carry out work at her property. Miss A found a suitable business, which I will refer to as Business A, and agreed to employ their services.

Between 29 August and 20 September 2024, Miss A instructed Halifax to make three payments from her account to Business A totalling £7,500.

Miss A says that works did commence at the property, but following a dispute, representatives of Business A ceased all work and terminated their arrangement.

Miss A says that she was forced to employ a separate contractor to attend the property and complete the remaining work. And this contractor alerted her to the substandard work carried out by Business A. It was at this stage Miss A believed she'd been the victim of fraud and reported the matter to Halifax.

Halifax looked into Miss A's complaint but didn't find it should be liable for her loss. It concluded from its investigation that Miss A had paid a legitimate and established business. And the matter was therefore likely a civil dispute between both parties rather than fraud.

Miss A disagreed with that assessment, so she referred her complaint to our service for an independent review. An Investigator considered the complaint but didn't recommend it be upheld. They found that it was more likely a civil dispute and that Halifax had treated Miss A fairly throughout.

Miss A disagreed, so the matter has now been passed to me for a final decision to be made.

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.

Considerations

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

There is no dispute here that Miss A authorised the transactions in question. And the starting

position in law is that she will be held liable for the transactions authorised in the first instance. That is due to Halifax's primary obligation to process payments in line with its customer's instructions, as set out in the Payment Services Regulations 2017.

However, Halifax was a signatory to the Lending Standards Board's Contingent Reimbursement Model (the CRM Code) at the time the payments were made. Under that Code, firms are expected to reimburse customers who fall victim to fraud, subject to a number of exceptions.

However, the CRM Code is only relevant if I'm persuaded Miss A was a victim of fraud. The Code specifically doesn't cover certain types of disputes. It says:

"This Code does not apply to...private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier".

Likewise, even had the payments not fallen within the scope of the CRM Code, Halifax has no liability to reimburse Miss A her loss from a bank transfer where the matter is deemed a civil dispute, such as where a dispute has arisen with legitimate contractors about work carried out.

Has Miss A likely been the victim of fraud?

Having considered the evidence carefully in this complaint, I'm not persuaded Miss A has been the victim of fraud. Miss A seems to have conceded on this point post our Investigator's view, so I don't intend to labour the point. But in summary:

- Business A does appear from open-resource research, and Miss A's testimony, to be a legitimate established business with both an online presence and a physical showroom.
- Miss A made the payments to an account held in Business A's name.
- Contractors representing Business A did attend the property, provide some of the materials paid for and complete some of the work.
- Miss A has told our service that there was a "miscommunication" while work was underway, meaning it's likely a dispute ensued about the project leading to the contractors terminating the arrangement.

Considering the above points, there is no indication in this case that representatives of Business A set out with the intention to defraud Miss A. I therefore find that the CRM Code does not apply to these transactions and Halifax cannot reasonably be held liable for Miss A's loss.

Customer service

Miss A has also expressed her dissatisfaction with Halifax once she reported the incident to it. She says Halifax provided mixed messages and this caused her confusion.

While I can understand Miss A's frustration here, I don't agree that this was Halifax's error. Halifax asked in-depth questions on the phone with her about what had occurred. And having done so, it concluded that this appeared to be a civil dispute. It was therefore reasonable for Halifax to signpost Miss A to Trading Standards and the Citizens Advice Bureau for further assistance.

Miss A has told our service that Trading Standards have advised her this was an intent to defraud with the least amount of work, but Halifax and our service have seen no evidence in

support of this. I am unaware of any prosecutions that Trading Standards have submitted against Business A or its representatives, nor has Halifax or our service seen any evidence to support Trading Standards' assertion that there was an intent to defraud.

Considering the above, I don't find it reasonable that Halifax be made accountable for unsubstantiated claims that Miss A was being given by a third-party organisation. Halifax can only act upon substantive evidence that would have changed its initial assessment of the matter being a civil dispute. And I can't fairly say that telling Halifax that a third-party organisation believed the matter to be fraud was sufficient to change that assessment.

I can see that Halifax has apologised for minor delays and acknowledged it could have been clearer in its instructions to Miss A within one of its calls. It has already paid Miss A £30 in compensation for the inconvenience caused. I find that to have been a reasonable offer considering the issues caused.

My final decision

For the reasons I have given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 26 November 2025.

Stephen Westlake
Ombudsman