

The complaint

Mr M complains that Bank of Scotland plc trading as Halifax won't refund him money he lost in an investment scam.

Mr M is being represented by a professional representative but for ease of reading I've just referred to Mr M.

What happened

The circumstances surrounding this complaint are well known to both parties, so I've summarised what I consider to be the key points.

Mr M says he was contacted unexpectedly over a popular messaging platform, with information about an investment opportunity. The investment appeared to involve trading in foreign currency, through a dedicated trader, who would make the investments on Mr M's behalf through an investment platform. Mr M says he didn't have any investment experience but was interested in the opportunity and was told that returns would be guaranteed. He decided to invest.

In order to fund the investment, he was told to set-up an account with an Electronic Money Institution (EMI) and purchase cryptocurrency from that account, before transferring it to his trading account, which was in fact a wallet controlled by a scammer.

He made an initial investment and then decided to invest more as he saw his profits increase. Unfortunately, when he decided he wanted to withdraw some of his investment, he was met with opposition and was persuaded to invest in one last trading cycle. But once that completed, he was met with further excuses and requests for additional investment and he realised he had been scammed.

Mr M made the following payments from his Halifax account as part of this scam:

Date	Amount	Payment type	Destination
21/03/2023	£1,000	Faster payment	Own EMI account
11/04/2023	£3,000	Faster payment	Own EMI account
08/05/2023	£7,000	Faster payment	Own EMI account
12/06/2023	£2,500	Faster payment	Own EMI account

Mr M says Halifax ought to have recognised that the payments were unusual for his account and it should have intervened to protect him. He says all the payments were higher than his usual payments. He believes Halifax should have intervened by freezing payments and having a member of staff contact him to ask him questions and provide relevant warnings. He considers that if Halifax had done so, the scam would have been uncovered, he would have heeded the warnings that ought to have been given, and he would have avoided all his losses.

Halifax says it didn't do anything wrong. It doesn't think the payments were out of character and doesn't think the activity was sufficiently unusual for it to have intervened.

Our investigator didn't uphold Mr M's complaint. She said she thought Halifax ought to have intervened on 8 May 2023 and should have sent Mr M a written warning that broadly set out the general scam risks. This was because the payment wasn't so large that she thought it warranted human intervention, nor was it part of a rapid series of payments, with the last payment to this payee being about a month earlier. She didn't think the payment was recognisably being made for the purpose of cryptocurrency investment, since the EMI provided a range of other financial services. So, she thought a general warning, rather than a specific cryptocurrency or investment warning was appropriate. But she didn't think a general warning was likely to have caused Mr M to have paused or stopped making any of the payments.

Mr M didn't agree. He says a general warning of the sort described by the investigator wasn't sufficient in the circumstances and Halifax was required to give effective warnings, which in this case would have been human intervention and warnings specific to cryptocurrency investment scams. He thinks it ought to have been apparent to Halifax that these payments were being made to fund an investment.

As Mr M didn't accept the investigator's recommendation, the complaint has been passed to me for an ombudsman's decision.

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 broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case, it's accepted by all parties that Mr M authorised the payments and Halifax made the payments in accordance with Mr M's instructions.

The Contingent Reimbursement Model (CRM) Code doesn't apply in this case because Mr M was making payments to another account that he controlled. But the matter doesn't end there. Having taken into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, I think Halifax ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

I agree with the investigator that the first two payments were not sufficiently unusual that I would have expected Halifax to have intervened. While payments of £1,000 or more were not particularly frequent on Mr M's account, they did happen from time to time. For example, aside from what appears to be Mr M's regular mortgage payment, there was a transaction for over £1,000 on 13 February 2023. While the £1,000 payment on 21 March 2023 was to a new payee, I don't consider that would have given sufficient cause for concern that Halifax ought to have intervened. I also agree with the investigator that it wouldn't have been apparent to Halifax that these payments were being made to fund the purchase of cryptocurrency, since the EMI the payment was being sent to provided a range of payment services. These had the appearance of one-off larger monthly payments, but not so significant that they ought reasonably to have caused Halifax concern that Mr M was at risk of fraud.

I consider the payment of £7,000 on 8 May 2023 was sufficiently large that it ought to have led to intervention from Halifax. It was significantly larger than previous payments. However, I also agree with the investigator that a proportionate warning would have been for Halifax to have provided Mr M with a written warning that covered general scam risks. There weren't

other significant or specific risk factors that would have been apparent to Halifax at that time that ought to have led to it taking stronger action. For example, I don't consider it would have been apparent that the money was being used to fund investment in general, or cryptocurrency investment in particular. The payment to the EMI account could have been for a variety of purposes and such accounts are often used to make larger transfers. The pattern of payments to this payee, broadly once per month, wasn't particularly indicative of known fraud patterns either.

On balance, I don't think such a warning is likely to have led Mr M to stop making payments. A general warning is unlikely to have resonated with Mr M because, by its nature, it's unlikely it would have covered the specific risks Mr M was facing. It's more likely it would have provided general warnings, for example about scammers impersonating banks to trick customers into moving money, not sharing security information or responding to requests to move money quickly and checking the details of payees.

Mr M also seems to have had a reasonable understanding of the risks he was facing before he invested. He expressed caution in his conversations with the scammer when he was first contacted in December 2022. He mentioned having read negative reviews about the investment platform, in particular, about people having difficulty making withdrawals or not being able to get their money back at all. On 28 December, he said he wanted to make sure everything was legitimate and have a video call with his dedicated trader. He said he wasn't just going to hand several thousand pounds to someone he had met on the internet.

I don't think the content of a general warning about scam risks is likely to have provided Mr M with any information he wasn't already aware of. The evidence shows he was aware of the possibility this was a scam, and the scammer essentially told him that the only way to find out whether he could trust in the investment was to invest.

It seems to me that in any event, even if Halifax had provided a more tailored warning, it is likely to have been ineffective. For instance, if Halifax had told Mr M to read reviews before investing, to be sure who he was paying and had warned him of scammers contacting people through social media about investment opportunities and then them struggling to get their money back, this was little more than he already knew before he invested. Indeed, when Mr M made his initial investment of £1,000 he said *"If it's a wonderfully elaborate scam and I never hear from you again, I doff my hat to you."* I appreciate that Mr M wouldn't have invested if he thought this was a scam, but he was certainly aware of the possibility when he made these payments, having even read negative reviews about this particular investment platform from people apparently facing the same situation he ultimately faced. It seems he was prepared to take a risk despite his misgivings, and I doubt an intervention of the type I've described would have added much to Mr M's understanding of the risk.

On balance, despite my natural sympathy for Mr M, who has been the victim of a cruel and sophisticated scam, for the reasons given above, I don't consider proportionate intervention from Halifax would have prevented his losses.

Recovery

I don't consider there was any reasonable prospect of Halifax being able to recover Mr M's money. It appears that Halifax was not notified of the scam until quite some time later and in any event, Mr M's money had been received into another account he controlled and by his own version of events, converted into cryptocurrency and promptly sent on from there to a wallet controlled by the scammers. On that basis, there wouldn't have been anything left in the receiving bank account for Halifax to attempt to recover.

My final decision

I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 24 November 2025.

Greg Barham
Ombudsman