

The complaint

Mr G complains Bank of Scotland plc trading as Halifax won't refund the money he lost to a scam.

What happened

In 2021, Mr G was introduced to a cryptocurrency investment opportunity by "a trustworthy colleague". Unfortunately, the investment was a scam.

Mr G says he messaged with the scammer for eight weeks prior to investing, who seemed knowledgeable, and he was shown what appeared to be a professional-looking investment platform. He says he was expecting a return of up to 20% over a two-year period.

Mr G was prompted to set up wallets/accounts with genuine cryptocurrency merchants, to purchase cryptocurrency to send on to the scam. I've set out below all the payments which I understand relate to (or were reported as part of) this scam – as well as the credits received from the recipients paid.

Please note C, J and B are genuine merchants providing cryptocurrency wallets/exchanges. M is a firm who Mr G holds an account with (I don't have further details on the nature of the account). N is a different type of investment company who Mr G says scammed him separately.

Payment no.	Date	Payment details	Amount	Notes
Payment 1	02/07/2021	Transfer to C	£8.88	
	02/07/2021	Credit from C	£3.35	
Payment 2	05/07/2021	Transfer to C	£9.00	
	05/07/2021	Credit from C	£5.64	
Payment 3	05/07/2021	Transfer to J	£0.88	
	05/07/2021	Credit from J	£0.03	Further credit of £0.85 received from J in November 2021
Payment 4	07/07/2021	Transfer to M	£8.88	
	07/07/2021	Credit from M	£5.00	
Payment 5	07/07/2021	Transfer to Mr G	£18,000.00	Sent to Mr G's savings account
	07/07/2021	Credit from Mr G	£18,000.00	Sent from Mr G's saving account back into his current account
Payment 6	12/07/2021	Card payment to N	£20,000.00	Credit of £10,000 received from N in December 2021
Payment 7	12/07/2021	Transfer to C	£100.00	
	12/07/2021	Credit from C	£100.00	
Payment 8	12/07/2021	Transfer to C	£15,000.00	
	12/07/2021	Credit from C	£5,000.00	
Payment 9	12/07/2021	Transfer to C	£5,000.00	
Payment 10	12/07/2021	Card payment to B	£5.00	
Payment 11	16/07/2021	Transfer to C	£190.00	
	19/07/2021	Credit from C	£15.00	
Payment 12	19/07/2021	Transfer to C	£50.00	
Payment 13	19/07/2021	Transfer to C	£50.00	
Payment 14	21/07/2021	Transfer to C	£4,000	
Payment 15	23/07/2021	Transfer to C	£1,027	
Payment 16	23/07/2021	Transfer to C	£100	
Payment 17	28/07/2021	Transfer to C	£150	

After Mr G made these payments, the colleague who recommended the investment told him she couldn't withdraw her funds and it might be a scam. He says this prompted him to ask the scammers to return his funds, but they demanded a fee – which he refused to pay. They then blocked further contact.

In late 2023 Mr G complained to Halifax (via a professional representative), arguing it should refund him for the payments lost to the scam. He says it didn't do enough to protect him at the time.

Halifax refunded 50% of payments 14-17 (with interest, and plus £40 compensation for service). It said the earlier payments hadn't looked unusual given Mr G's normal account use. But it had intervened on some further payments attempted shortly after payment 13, and it could have done more at this point. It held Mr G partly liable.

Unhappy with this response, Mr G referred the matter to our service. Our investigator thought the compensation Halifax had paid was fair; they didn't recommend any further reimbursement. Mr G appealed this outcome. His representative argued the payments on 12 July 2021 should have triggered intervention.

I then issued my provisional decision clarifying the scope of what I was considering – and addressing why I was minded to agree with the investigator's outcome.

On the scope of the complaint, I explained:

As mentioned above, I've listed Mr G's payment to N as it was included in the referral to our service. But this isn't connected to the scam he is complaining about. Mr G has told us this was a different scam (with the £10,000 credit he received constituting a settlement from them).

The investigator said we couldn't consider this payment as it hadn't been raised with Halifax. But I can see Mr G did complain to Halifax separately about this payment. We've already considered this complaint under a separate case (which wasn't upheld).

Halifax's final response explained this, and said it therefore wasn't including the payment to N within the complaint. But the referral to our service still included the payment to N. As this matter has already been considered by our service, and as the payment doesn't relate to the scam Mr G is now complaining about, I've not considered it within this case. If Mr G disagrees with this, he can let me know before I proceed further.

I then proceeded to explain why I thought Halifax's compensation was fair:

It's agreed Mr G authorised these payments. That means the starting position is that he's liable for the transactions. In line with the Payment Services Regulations 2017, firms are expected to process authorised payment instructions without undue delay.

However, there are some situations where I would reasonably expect a firm to make further enquiries about a payment before deciding whether to process it – such as in circumstances where there are grounds to suspect it presented a fraud risk. An indication of risk could be where the characteristics of the payment(s) looked unusual compared to how the account was normally used.

If a firm failed to respond proportionately to such a risk, and doing so would have prevented the consumer from incurring a fraudulent loss, it may be fair to hold the firm liable.

The key issue I've considered is whether Halifax should have intervened earlier than it did – and if so, whether that would have prevented further losses to the scam.

Payments 1-4 were only for small amounts, and all received credits back shortly after. Mr G has explained he was testing out paying these new accounts. I don't think Halifax had cause to be concerned about these payments.

Payment 5 wasn't actually lost to the scam. The funds were simply moved to Mr G's savings account before being moved back into his current account. This was explained in Halifax's final response, but the payment was included in the referral to our service. I don't think Halifax had cause for concern as it could see the funds remained in Mr G's control.

As mentioned above, payment 6 also wasn't lost to the scam, and our service has already looked into a separate complaint about it. However, I have considered how this fed into the overall nature of the account activity on 12 July 2021 – as several payments which I understand were connected to the scam were also made that day (payments 7-10).

I do appreciate large sums were sent on this day. So, I can see why Mr G's representative has argued this should have prompted intervention. However, having carefully considered this point, I don't think it was unreasonable that Halifax didn't intervene.

There are a few reasons for this. While £20,000 was sent to C, the pattern of the activity is relevant; £15,000 was sent, following which £5,000 was returned. Looking at the records of Mr G's C account, I can see he withdrew this around ten minutes after the initial deposit was made. He then bought some cryptocurrency and sent it on. Following this he made a further deposit of £5,000 (and then again bought and sent on some cryptocurrency).

So, the net amount sent to C on that day was £15,000. I appreciate that was still a significant amount – and that it also came after Mr G had paid £20,000 to another payee. So, there were several high-value payments made that day, which could be an indicator of risk.

On the other hand, the payment to N would have shown as a payment to a financial firm listed on the FCA register as authorised to operate in the UK (via passporting rights). And even if Halifax had spoken to Mr G about this payment, I can't see how this would have uncovered the cryptocurrency scam – as this payment wasn't connected.

Mr G also had a history of making large payments from his account. For example, he made a payment of £30,000 in February 2021; £20,000 in March 2021; and £15,000 in April 2021. In that context, payments of this size wouldn't have looked so unusual for Mr G.

I'm conscious the payments were being sent to an account which Halifax may have been able to identify as linked to cryptocurrency. But that itself isn't particularly clear to me; the transfers show as going to "Mr G" on his statements, and it looks like the firm who provided the bank account paid doesn't exclusively provide accounts connected to cryptocurrency.

So, the payments may just have shown as transfers to another account Mr G held with another regulated firm, which had been paid (and from which credits had been received) previously. If so, that would have made the risk appear less obvious.

Regardless, while cryptocurrency scams were well-known by the time of these payments, it's also important to bear in mind that awareness of these scams has increased since then. I can't look at these payments with the benefit of hindsight; I have to think about what would have been reasonable to expect from the bank at the time.

Despite the high level of payments made on this date, having carefully considered the activity in context, I'm not persuaded it was unreasonable Halifax didn't intervene at this point.

In any event, even if I concluded Halifax should have intervened, there are further details I would need to determine whether it's likely this would have uncovered the scam – and, if so, what the fair award should be:

- *I would first want to be sure I had a full picture of Mr G's contact with the scammers. But it's not clear to me that the records I've been provided with are complete. For example:*
 - *Mr G says he communicated with the scammers for eight weeks over text prior to investing, and was told he'd get a return of up to 20% over two years. This isn't captured in the scam chats provided. I'm not sure if this is because Mr G hasn't recalled these details correctly, or whether there were further conversations about the alleged investment which I haven't seen.*
 - *I can see some screenshots from one chat, where Mr G appears to be sending details of the payments he made. But I can't see a full, exported version of this chat – only partial snippets.*
 - *Mr G says he asked to withdraw his funds and the scammers asked him to pay a fee. But this isn't captured in the chats provided.*
- *The records I have been provided of Mr G's C account also raises questions about what funds were being sent on to the scam:*
 - *The scam chat I've seen references two main investments: around \$13,000 on 12 July 2021, and around \$4,000 on 23 July 2021. But the account records show further cryptocurrency being sent on. So, I would want further detail on what these were for.*
 - *Credits are also received into the account in cryptocurrency. I'd want further information about what these relate to – as there is no mention of Mr G receiving any money back from the scam.*
 - *While payments from Halifax to C stopped in August, the activity continued up to September 2021. I'd want to know whether these further payments relate to the scam.*
 - *There are four instances of deposits into the C account, between July and September 2021, that weren't made from the Halifax account. I'd want further details on this – such as where these funds were paid in from; how the funds were used; and whether there was any intervention by the firm providing the account used to make these deposits.*

Looking at the subsequent payments made, I don't think they looked suspicious enough to warrant intervention prior to when Halifax did flag some attempted payments (shortly after payment 13). And Halifax has already accepted partial liability from this point. So, rather than considering whether I think proportionate intervention would have succeeded, I've simply considered whether it was fair for Halifax to reduce the refund by 50% to reflect Mr G's role in what happened.

Mr G has explained he was introduced to the investment by a trusted colleague, which I appreciate may have made the proposal seem more credible. He also says he spoke to the scammers via text for eight weeks prior to deciding to invest. However, as mentioned above, I've not been provided with a record of this prior contact.

Mr G also said he was expecting up to a 20% return over two years. Again, I can't see from the contact records provided where this expectation was set. Instead, one exchange suggests he was seeking/expecting a payout of \$12,000, after one month, based on an investment amount of \$4,000.

I've also seen reference to him investing \$13,010 on 12 July 2021, and the expected maturity date set out at that time suggests Mr G was expecting a return in six months rather than two years. The messages I've seen don't set out what level of return was expected.

I've also seen information online about the scam Mr G fell victim to referring to very high levels of returns being promised. So, in the absence of further records from Mr G about what he was expecting, I think it's more likely he was promised very high returns over a shorter period – at a level which I think should reasonably have rung alarm bells with him about the investment's legitimacy.

Given all of this, I think Halifax's 50% refund from the point of its intervention is reasonable – as I think it's fair for Mr G to share liability for what happened alongside Halifax.

I've considered if there are any other reasons why Halifax should do anything further to put things right. I'm aware of the difficult circumstances Mr G was in around the time of the scam. However, I can't see Halifax was aware of anything that meant it ought to have known to provide further support at the time.

As the funds were paid via accounts within Mr G's control, Halifax couldn't recover the funds. I also don't think its handling of the claim caused Mr G unavoidable trouble and upset warranting further compensation beyond the £40 it has already paid him.

I appreciate this will be disappointing to Mr G, who has clearly lost out from this cruel scam. However, having carefully considered all the circumstances, I'm not persuaded it would be fair to expect Halifax to accept further liability for his losses.

I invited both parties to provide any further comments or evidence before I made my final decision.

Halifax has confirmed it has nothing further to add. Mr G's representative has confirmed he would like a final decision. It hasn't provided any comments about the scope of the complaint. But it maintains Halifax should have intervened on 12 July 2021 – arguing it would have seen the payments were going to an account in Mr G's name with a cryptocurrency wallet – which was also shown by the credits he received. It maintains this would have prevented further losses to the scam.

What I've decided – and why

As no further response has been received to my explanation about the scope of what I'm considering, I've proceeded the scope of this complaint to be accepted and agreed between the parties.

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've decided the compensation Halifax has paid is a fair way to settle this complaint. That is largely for the reasons given in my provisional decision, which are set out above and also form part of my final decision. I'll focus here on responding to the points raised in response to my provisional findings.

The representative says Halifax would have known the payments were going to a cryptocurrency wallet in Mr G's name. But it hasn't explained *why*, in my response to my point about the firm providing the account paid to load funds to Mr G's cryptocurrency wallet not exclusively providing cryptocurrency-related accounts. And while it points out Halifax could see credits coming in linked to cryptocurrency, that doesn't mean it would have known those were connected to the transfers were made.

I've also explained above why, regardless, I still don't consider it wrong of Halifax not to intervene here. For example, I pointed out other large payments Mr G had made, and how I think they would have made the scam payments appear less unusual.

In any event – even if I were to conclude Halifax should have intervened, I explained I would need further information to determine whether this would have uncovered the scam and, if so, what a fair award would be. I set out what I would need and how this would be relevant to my findings. None of this information has been provided. And so, having reviewed the information I do have available, I'm not persuaded it's been demonstrated that intervention at this point would likely have uncovered the scam.

I haven't received any pushback to the additional reasons I gave for deeming Halifax's compensation was fair. I therefore see no reason to depart from my conclusions here.

I appreciate this will be disappointing to Mr G, who has clearly lost out from this cruel scam. However, having carefully considered all the circumstances, I'm not persuaded it would be fair to expect Halifax to accept further liability for his losses.

My final decision

My final decision is that is that Bank of Scotland plc trading as Halifax doesn't need to do anything further to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 21 July 2025.

Rachel Loughlin
Ombudsman