

The complaint

Mr and Mrs B complain that Bank of Scotland plc, trading as Halifax, won't refund money they lost when they fell victim to an investment scam.

Mr and Mrs B are being represented by a claims management company.

What happened

Mr and Mrs B say they fell victim to a scam after they sent several payments totalling around £47,000 over an 11-month period in 2022-2023. These were made in connection with an investment opportunity with a company – I'll refer to it as "T" – which they now believe to be a scam.

Mr and Mrs B say they were introduced to T by a trusted friend who had been following and researching the company for a period of time and also started with small investments. Mr and Mrs B reviewed T's website and spoke to other investors. They also attended a webinar with leading investors, who confirmed high success rates. Mr and Mrs B also spoke to one of their friends who they say had taken numerous background checks into T. They understood they could potentially get a 100% return on their investment.

The deposits were made in cryptocurrency which Mr and Mrs B purchased from a cryptocurrency provider by making payments from their joint Halifax account. Occasionally, funds were transferred to accounts of other investors, who changed it from pound sterling to US dollars before forwarding it into Mr and Mrs B's investment account with T.

Mr and Mrs B state that T later converted everyone's account balances into its own cryptocurrency coin. All communication stopped when the cryptocurrency coin became worthless, leading Mr and Mrs B to realise that they had been scammed.

Halifax refused to refund the disputed payments. It said the payments weren't covered by the Lending Standards Board's Contingent Reimbursement Model Code ("CRM Code") as they were sent to another account in their control. The bank also said it intervened when Mr and Mrs B made the first payment to the cryptocurrency provider and provided a scam warning. But as they wanted to proceed, it didn't believe it could have done more. Unhappy with this outcome, Mr and Mrs B complained and later referred their complaint to our service.

Our investigator didn't uphold the complaint. They concluded that they hadn't seen credible evidence to persuade them that T was operating a scam when Mr and Mrs B's payments were made. The investigator also said that even if they were to conclude that T was operating a scam, they weren't persuaded that this would have made a difference to the outcome. They explained that Halifax had intervened, but Mr and Mrs B felt reassured by their friend that T was legitimate, and there were scam warnings about T that would have raised any concerns.

Mr and Mrs B's representative disagreed with the investigator's findings and provided a substantial response in their appeal. In summary, they believe the information they've provided demonstrates that all of T's entities were operating fraudulently, and this would

have come to light had Halifax intervened. They have highlighted that scam warnings were published about some of T's entities and have also provided online articles which refer to some of T's entities as a scam. The representative also argues that payments to introducer accounts are covered under the CRM Code, so they apply to Mr and Mrs B's payments, and they should be reimbursed accordingly.

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.

I'd like to reassure the parties that although I've only summarised the background to this complaint, so not everything that has happened or been argued is set out above, I have read and considered everything that's been provided.

Mr and Mrs B say they have been the victims of a scam, and that Halifax ought to have intervened on the payments they made. I can see that the entity their dealings were with as mentioned in the complaint letter is incorporated in an overseas jurisdiction and remains regulated by that jurisdiction's regulator. I can also see that the specific entity was named on investor alert lists by two overseas regulators for carrying out certain activities without appropriate license. And in 2023, its regulator took steps to address management issues and shareholder influence.

While regulatory requirements can vary from one jurisdiction to another, a scammer is highly unlikely to submit itself to any kind of regulatory oversight, given the real risk of its true purpose being discovered. Some brokers may have promoted investment products using sales methods that were arguably unethical or misleading. However, while customers who lost out may understandably regard such acts or omissions as fraudulent, it's not sufficient evidence of an intention to defraud customers from the outset.

While I accept that T may not have been regulated to offer its services in the UK at the time of Mr and Mrs B's payments (it did hold passporting rights previously), and there appear to be poor business practices in some areas, this doesn't automatically mean that T was set up to defraud customers.

Even if I were to accept that Mr and Mrs B were scammed by T, it doesn't mean that Halifax becomes liable to reimburse or refund them. I'll explain why.

The CRM Code, which requires signatories such as Halifax to reimburse customers who are victims of authorised push payment scams in all but a limited number of circumstances, doesn't apply to Mr and Mrs B's payments. Majority of the payments were to purchase cryptocurrency from a cryptocurrency provider. These are classed as 'me-to-me' payments, given the cryptocurrency was deposited into Mr and Mrs B's own wallet. These types of payments are excluded under the CRM Code, which requires the funds to have been sent to another account not in the customer's control.

As for the payments made to other investors of T, we've been told that these third parties also didn't realise that T was operating a scam. So, they were likely affected by its actions as well. Given the said third parties' role in the transaction – exchanging one currency for another – it seems to me that when Mr and Mrs B transferred the money to them, it was still under their (and by extension under Mr and Mrs B's) control. That control was only lost when the third parties transferred the currency to T.

The CRM Code only applies to certain types of payment made, in pound sterling, between accounts based in the UK. But the payment the third party made was not in pound sterling.

And we've been told deposits were made to T's accounts held internationally. In the circumstances, where Mr and Mrs B's funds were lost to an international account and in a different currency during the payment journey, the CRM Code doesn't apply.

Outside of the provisions of the CRM Code, Halifax ought to have been on the look-out for the possibility of fraud and made additional checks in some circumstances. The bank did intervene when the first cryptocurrency-related payment. Having listened to the recording of the intervention call, the agent explained key features of cryptocurrency investment scams to Mrs B. But she reassured them that she had completed her due diligence and was wanted to go ahead with the payment. Even if I were to make the finding that the agent could have probed further, I'm not persuaded that anything about Mrs B's response would have indicated to Halifax that she and Mr B were investing in a scam.

As there was no adverse information about T in the public domain at the time of the payments, other than the investor alerts which I've addressed above, I'm not persuaded that an intervention would have impacted Mr and Mrs B's decision to make the payment. Their representative has provided website articles which make reference to T as a scam company. But these articles are from nearly three years after the payments were made.

Thinking next about recovery of payments, the beneficiary of Mr and Mrs B's payments provided the service requested. Namely, provision of cryptocurrency or US dollars in exchange for pound sterling. In the circumstances, I don't think Halifax could or should have done anything once Mr and Mrs B reported the matter to it in 2024.

In summary, I know that Mr and Mrs B will be disappointed with this outcome. Not least because the matter has been ongoing for some time and their representative's strength of feelings on this. Despite my natural sympathy, it wouldn't be fair of me to hold Halifax responsible for the loss Mr and Mrs B allege.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 1 September 2025.

Gagandeep Singh
Ombudsman