

The complaint

Mr C complains that Bank of Scotland plc trading as Halifax failed in its duty to protect him when he fell victim to a scam. He said that his payments should have been detected by Halifax's fraud detection systems and that had Halifax intervened, the scam would have been identified and the payments stopped.

Mr C wants the money he lost refunded along with 8% interest.

Mr C is represented by a third party but for ease of reference I have referred to Mr C throughout this decision.

What happened

Mr C said that after seeing friends commenting about investing online, he started to look for investment opportunities. He identified an investment (not linked to the investments his friends were making) and did some research which didn't suggest there were any issues with the company and there was no indication that the investment was a scam. Mr C signed up online and was invited to videocalls and was sent information about the investment. He then made seven debit card payments totalling £13,818.69 between 8 April 2022 and 7 May 2022, into an account set up in his name with a cryptocurrency platform.

Payment	Date	Type	Amount
1	8 April 2022	Card payment	£101.26
2	11 April 2022	Card payment	£4,716.65
3	1 May 2022	Card payment	£299.04
4	2 May 2022	Card payment	£687.00
5	4 May 2022	Card payment	£4,917.33
6	7 May 2022	Card payment	£1,526.54
7	7 May 2022	Card payment	£1,570.87

Mr C said that he was able to make some small withdrawals, but this then stopped, and he realised he had been a victim of a scam. Mr C said that Halifax didn't contact him about any of his payments and he wasn't given any warnings that he might be the victim of a scam. He thinks that Halifax should have done more to protect his money.

Halifax issued a final response to Mr C's complaint dated 15 March 2024. It said that Mr C's claim wasn't covered by the Contingent Reimbursement Model and that while the payments were made by debit card, as Mr C received the cryptocurrency when the payments were made there were no Chargeback rights. It didn't accept that it had done anything wrong regarding the payments, noting that as they were to an account in Mr C's name, it had no reason to stop them.

Mr C referred his complaint to this service.

Our investigator thought that Halifax should have intervened at the second payment as this was out of character for Mr C's account and was a large transaction to a cryptocurrency platform. However, they thought that had an intervention occurred this wouldn't have

dissuaded Mr C from making this and subsequent investments. They said this because Mr C had explained that he had done his own research into the company, and he wasn't guided into the investment but rather watched online presentations from the company executives after which he decided to invest. Therefore, our investigator thought that had Mr C been asked about the payments he would likely have decided to go ahead with these.

Mr C didn't agree with our investigator's view. He explained that the first payment was a test payment after which he sent larger amounts. He said there was an urgency to the payments which was why he made several within a short period of time. He noted that he had never made payments for cryptocurrency before and that the account was set up to receive the payments. He said he had lost a large amount of money, and that Halifax didn't give him any warning that he might be the victim of a scam. Mr C said that had Halifax questioned his payments this would have made him think about the risk of a scam and question whether to go ahead with his payments.

As a resolution wasn't agreed, this complaint was passed to me, an ombudsman, to issue a decision.

My provisional conclusions

I issued a provisional decision on this complaint the details of which are set out below.

Mr C authorised seven debit card payments from his Halifax account to a cryptocurrency exchange account in April and May 2022. The payments aren't covered by the Contingent Reimbursement Model (CRM), and while the payments were made by debit card and so Chargeback can be considered, as Mr C received the service he paid for (being the purchase of cryptocurrency) I agree with Halifax that a chargeback for these payments wouldn't be successful.

Under the Payment Service Regulations 2017, the starting point is that Mr C is liable for the payments he authorised. However, Halifax should have systems in place to look out for out of character or unusual transactions, or other signs that might indicate that its customers are at risk of fraud.

Mr C has explained that he set up the cryptocurrency account to receive the payments and that he had researched the company he was investing in and believed it to be a genuine investment. He said he was sent codes to his mobile to make the transactions.

The first disputed payment was for a small amount, Mr C has explained this was a tester payment. I have looked at Mr C's Halifax account and this had limited transactions through it. Mr C used the account to transfer to and from his savings account (this is how he funded the investment transactions) and to make a few other payments, but it doesn't appear that this was his main account for day-to-day use, so it gives limited information about Mr C's usual spending pattern. So, while payment 1 was to a cryptocurrency platform, given the payment size, I do not think that Halifax should have identified this payment as being of concern.

Mr C then made a much larger payment of £4,716.65 three days later, funded by a transfer into his account from his savings account. I think that this payment should have been identified as unusual activity for Mr C's account and, while he was making payments to an account in his name, given this payment was to a cryptocurrency platform, I think that Halifax should have been concerned that Mr C might be at risk of financial harm. Because of this I think an intervention should have been made at transaction 2, with a tailored cryptocurrency warning being issued.

However, as Mr C had carried out his own research into the investment, believed it to be genuine, and didn't seem concerned about making an investment in cryptocurrency, I do not think on balance that a tailored cryptocurrency warning at this time would have stopped Mr C making the payment.

There was then a short break in the payments with payments 3 and 4 being made around three weeks later. These two payments were for relatively small amounts, and I do not think that Halifax needed to take any further action regarding these. However, payment 5 was for a much larger amount £4,917.33, and was the third payment Mr C made to the cryptocurrency platform in four days. I think this should have been flagged by Halifax as out of character for Mr C and given the amount he had now paid to the cryptocurrency platform within a relatively short timeframe, I think this should have raised concerns that he might be at risk of financial harm. At this point I think a human intervention was appropriate.

Had Mr C been asked about the investment he was making, I think it likely he would have given the name of the company he was investing in. As Mr C believed it to be a genuine investment, I find no reason why he wouldn't have disclosed this if asked. Given the company had been added to the FCA warning list in March 2021, around a year before Mr C's investments, I think that Halifax should have been aware of the concerns about this company and asked relevant questions. However, even if the name of the company hadn't been revealed, I think further questions asked about the investment would have revealed concerns that Mr C might be at risk of financial harm. Therefore, on balance, I think that had Halifax called Mr C before payment 5 was released, the scam would likely have been identified at this point. This would mean that payment 5, and subsequent payments wouldn't have been made and so I think these should be refunded.

I note that Mr C's representatives have suggested he may have been able to make some early withdrawals. Mr C needs to respond to this provisional decision with confirmation of the amounts and evidence of receipts before any refund can be calculated.

While I think that Halifax should have taken more action, I also need to consider the action Mr C could have taken. In this case the warnings about the company he was investing in were available before he made his investments and had he done more research he could have identified this. Mr C was investing in cryptocurrency but appears to have relied on generic online calls and documents and not made any direct contact attempts. Therefore, in this case, I think that the liability should be split between Mr C and Halifax, 50/50.

Halifax accepted my provisional decision and Mr C didn't respond.

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.

When making a decision I take all relevant rules, regulations and guidance into consideration and my decision is based on what I consider to be fair and reasonable given the unique circumstances of the complaint.

As no new information was received in response to my provisional decision, my conclusions haven't changed. As I previously set out I do not think that Halifax should have identified the first payment as being of concern, but given the size of the second transaction I think that this payment should have been identified as unusual activity and given this payment was to a cryptocurrency platform, I think that Halifax should have been concerned that Mr C might be at risk of financial harm. Because of this I think an intervention should have been made at transaction 2, with a tailored cryptocurrency warning being issued. However, as I have

explained, I do not think on balance that a tailored cryptocurrency warning at this time would have stopped Mr C making the payment.

Payment 5 was for £4,917.33 and was the third payment Mr C made to the cryptocurrency platform in four days. I think this should have been flagged by Halifax as out of character for Mr C and given the amount he had now paid to the cryptocurrency platform within a relatively short timeframe, I think this should have raised concerns that he might be at risk of financial harm. At this point I think a human intervention was appropriate. And, for the reasons I set out I think that had this intervention happened, the scam would likely have been identified. Therefore, I think that Mr C should receive a refund from this point. However, while I think that Halifax should have taken more action, I also think that Mr C could have done more to research the investment he was making which could have identified the issue. Therefore, in this case, I think that the liability should be split between Mr C and Halifax, 50/50.

Mr C's representatives suggested he may have been able to make some early withdrawals. In my provisional decision, I asked for the details of these to be confirmed. Mr C didn't respond to my provisional decision and so no evidence has been provided in regard to any early withdrawals. It is necessary for Mr C to confirm if he received any withdrawals and if so, the details of these. This needs to be confirmed before a refund can be calculated.

Putting things right

In order to fairly resolve this complaint, Halifax should:

- Refund payment 5 and all subsequent payments. From this refund, Halifax can deduct any receipts Mr C received (Mr C to confirm the details of these before a refund amount is confirmed) and deduct 50% from the remaining balance to reflect Mr C's shared liability.
- Pay 8% simple interest* on the individual amounts from the date the payments were made until the date of settlement.

*HM Revenue & Customs requires Halifax to deduct tax from any award of interest. It must give Mr C a certificate showing how much tax has been taken off if he asks for one.

My final decision

My final decision is that Bank of Scotland plc trading as Halifax should take the action set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 28 August 2025.

Jane Archer
Ombudsman