

The complaint

Mr A complains Bank of Scotland plc trading as Halifax (“Halifax”) hasn’t refunded funds he lost as the result of multiple scams.

What happened

Both parties are familiar with the circumstances of the complaint, so I’ll only summarise the key details here.

Mr A was contacted on a messaging service by someone we now know to be a scammer. Mr A said they spoke for several months before the scammer mentioned their success in cryptocurrency trading and Mr A decided to start investing in cryptocurrency using a trading platform. Mr A stated he had issues withdrawing funds and the scammer told him this was because he hadn’t yet reached VIP status.

Mr A explained he was later contacted in a similar way by another scammer who introduced him to a different cryptocurrency trading platform, and he decided to invest. Mr A explained when he requested to withdraw his funds he was told to pay fees.

He said he realised he had been scammed when both his accounts were blocked, and he wasn’t able to withdraw his money.

Mr A said the first scammer got back in touch on a different number claiming she’d been hacked and that Mr A hadn’t been speaking with her for several weeks. The scammer claimed to have lost her funds to the scam and suggested Mr A contact her friend who could help recover some of his lost funds.

Mr A complained to Halifax, and his complaint wasn’t upheld. Unhappy with Halifax’s response, Mr A raised the matter with the Financial Ombudsman Service. One of our Investigators looked into the complaint and didn’t uphold it.

As an agreement could not be reached, the complaint has been passed to me for a final 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.

I’m aware that I’ve summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I’ve focused on what I think is the heart of the matter here. If there’s something I’ve not mentioned, it isn’t because I’ve ignored it. I’m satisfied I don’t need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I'm sorry that Mr A has been the victim of a scam. I realise he's lost a significant sum of money, and I don't underestimate the impact this has had on him. However, just because a scam has occurred, it doesn't mean he is automatically entitled to recompense by Halifax. It would only be fair for me to tell Halifax to reimburse Mr A for his loss (or a portion of it) if I thought Halifax ought reasonably to have prevented all, or some, of the payments he made, or if I believed Halifax hindered the recovery of the payments Mr A made – whilst ultimately being satisfied that such an outcome was fair and reasonable for me to reach.

In broad terms, the starting position at law is Halifax are expected to process payments and withdrawals that a customer authorises it to make. I appreciate that Mr A didn't intend for his money to end up in the hands of a scammer but as he authorised the payments in question here under the Payment Services Regulations 2017 (PSR 2017) he is presumed liable for the loss in the first instance. However, there are some situations when Halifax should have had a closer look at the wider circumstances surrounding a transaction before allowing it to be made.

Considering the relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time - Halifax should fairly and reasonably:

- Have been monitoring accounts to counter various risks, including preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which payment service providers are generally more familiar with than the average customer.
- In some circumstances, take additional steps, or make additional checks, before processing a payment, or in some cases decline it altogether, to help protect customers from the possibility of financial harm from fraud.
- Have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so.

So, I've thought about whether the transactions should have highlighted to Halifax that Mr A might be at a heightened risk of financial harm from fraud.

Halifax didn't intervene prior to processing the payments. It said Mr A opened the account to facilitate the scam payments and so it didn't know what typical account usage was for him and that deposits being made into the account and then transferred out soon after, became normal behaviour for Mr A.

At the time the payments were made, I think Halifax ought to have been aware of the common use of multi-stage fraud by scammers. Multi-stage fraud involves money passing through more than one account under the consumer's control before being sent to a fraudster. I'm also satisfied the destination of the payments was identifiably for cryptocurrency which carries a heightened risk of financial harm from fraud. Additionally, the combined value of daily payments was increasing. I'm therefore satisfied a fraud pattern had emerged such that Halifax ought to have intervened prior to processing some of the payments. However, I'm not persuaded that any intervention from Halifax would have uncovered the scam or prevented Mr A from making the payments. I'll explain why.

The communications I've reviewed between Mr A and the scammers show he experienced issues when he tried to make payments. Mr A told one of the scammers he'd experienced

problems getting his money out of his UK bank and on to the platform. He said *'I am being blocked by my 2 banks'*. The scammer told Mr A he needed to visit his bank to ensure his account allowed international transfers and Mr A asked, *'if they ask what is it for what do I say?'*. The scammer replied, *'You can say it's family support, sending money to family or friends'*. The communications also show the scammer actively guided Mr A through an intervention with another firm whereby Mr A shared screenshots of the transaction journey and the scammer told him how to answer the firm's questions. This kind of coaching is difficult for a firm to counter.

The communications show Mr A had a trusting relationship with the scammers and his testimony to us is clear that there was an emotional connection and a strong foundation of trust. This along with the above excerpts show the degree with which Mr A was under the scammers' spell and that he approached them for guidance on how to ensure he was able to make payments, using more than one of his accounts and opening a new one with Halifax. This also shows Mr A was determined to make the payments. I think, on balance, had Halifax intervened on any of the payments Mr A would have behaved in a similar way as I've described and sought guidance from the scammers on how to respond so that the payments were processed. And if Halifax hadn't processed the payments I think it's more likely than not that Mr A would have endeavoured to make them in an alternative way as he had previously. As I don't think Halifax could have uncovered the scam or prevented Mr A from making the payments it isn't fair or reasonable to hold it liable for Mr A's losses.

I've thought about whether there's anything else Halifax could have done to help Mr A — including if it took the steps it should have once it was aware that the payments were the result of fraud.

After the card payments were made, the only potential avenue for recovery of the payments would have been through the chargeback scheme. The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. Halifax is bound by the card scheme provider's chargeback rules. Whilst there is no 'right' to a chargeback, I consider it to be good practice that a chargeback be raised if there is a reasonable chance of it succeeding. But a chargeback can only be made within the scheme rules, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply. Unfortunately, the chargeback rules don't cover scams.

Mr A made payments to an account in his own name with a legitimate cryptocurrency provider. It seems he got the cryptocurrency he paid for and said he moved the funds on to the scammers; in these cases, there isn't any prospect of recovery and so I don't think Halifax could have recovered his losses.

I'm sorry to disappoint Mr A further, but I've thought carefully about everything that has happened, and with all the circumstances of this complaint in mind I don't think Halifax needs to refund his money or pay any compensation. I realise this means Mr A is out of pocket and I'm really sorry he's lost this money. However, for the reasons I've explained, I don't think I can reasonably uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint against Bank of Scotland plc trading as Halifax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 3 February 2026.

Charlotte Mulvihill
Ombudsman