

The complaint

Mr P is unhappy that Bank of Scotland plc trading as Halifax ("Halifax") won't refund money he lost as a result of a scam.

What happened

A friend of Mr P recommended that he use a trading company (that I'll call B). His friend appeared to be doing very well from the investment and claimed he had made lots of profit.

Mr P agreed to invest and sent funds to a crypto exchange, the money was then converted into crypto and sent to B. Mr P sent over £15,000 via around 21 transfers between 9 September 2023 and 22 November 2023. Later on, Mr P went to withdraw his profits but he was unable to do so, and it was at that point he realised the investment was in fact a scam.

Mr P reported the matter to Halifax as Mr P believes Halifax didn't do enough to protect him.

Halifax didn't think it had made an error, so declined his claim.

Mr P referred the matter to our service and two of our Investigators thought that Halifax should have questioned the payments. That said though, they did not think an intervention would have changed Mr P's decision to carry on with the transactions - given the circumstances that led to Mr P investing in the first place.

Mr P didn't agree. As no agreement could be reached, the case was 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.

Having done so, I agree with the conclusions reached by the investigators for the following reasons.

It isn't in dispute that Mr P authorised the disputed payments he made from his Halifax account. The payments were requested by him using his legitimate security credentials provided by Halifax. And the starting position is that Halifax ought to follow the instructions given by their customers, in order for legitimate payments to be made as instructed.

However, I've considered whether Halifax should have done more to prevent Mr P from falling victim to the scam, as there are some situations in which it should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character.

I don't think that Halifax needed to intervene and ask questions about the payments that Mr P made until a payment of £10,000 was made on 20 November 2023. I say this because the payments made prior to that payment were not individually large enough and the pattern they formed were not sufficiently indicative of a scam.

Once Mr P attempted to make the £10,000 payment, I think that questions should have been asked to find out what the payment related to. Halifax did not do this. But that does not mean that Halifax is required to refund the payments made after this point. I say this because I need to consider what is most likely to have happened if Halifax had asked questions about the payment.

Had Halifax asked questions about the payment they would have discovered that B was making the payments to purchase cryptocurrency in order to make an investment on the recommendation of a friend. I think it's likely that Mr P would've assured Halifax that the same person who'd recommend he do this had made a profit. Additionally based on the information provided it seems as if Mr P had been able to make a sizeable withdrawal a few weeks prior to this payment.

So in the circumstances, had Halifax asked questions about the payment, I think it's likely that Mr P would've been able to explain what the payment was for in a way that would not have made Halifax concerned that Mr P was being scammed.

Moreover, I am also mindful that the scam did not share the features of common crypto scams at the time. It was not discovered on social media, it was not fronted by a celebrity and remote access was not given by Mr P to the scammer. And finally, there were no official warnings available online about B at the time either. I note that Mr P's representative has highlighted an article referring to B from a US based government agency. But this refers to a complaint being raised from an individual about B and it says that the claims and allegations cannot be verified. So, I don't think that this counts as an official warning by a regulatory body, such as the FCA or ISOCO. Given this I don't think that this would have been enough for Halifax to have said B was a scam.

My understanding is that B's business model sounds implausible and Halifax may have been able to highlight this to Mr P if they held a detailed discussion about B. I say this because my understanding is that Mr P would need to go onto B's app periodically and press a button which would lead to trades being made automatically on his behalf. But given that he had made a large withdrawal and that his friends had made profits as well I don't think in this specific instance a general crypto warning would've stopped Mr P.

So overall, I don't think a proportionate intervention from Halifax would have uncovered or prevented the scam. As such, even if things had gone as they should've with Halifax, I think Mr P would've likely still incurred the loss that he unfortunately experienced. I have thought about whether Halifax could have recovered the funds when the fraud was reported. But I don't think it could've. This is because firstly, the Contingent Reimbursement Model "CRM" does not apply as the payment was made to an account held by Mr P rather than to a third party. I also don't think that Halifax could have recovered the funds from the crypto exchange itself, as the funds had already been forwarded on to B by Mr P. So I don't think that the funds could have been recovered by Halifax.

It therefore follows that I can't reasonably tell Halifax to refund any money to Mr P.

My final decision

Because of the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 19 September 2025.

Charlie Newton
Ombudsman