

## The complaint

Mr K complains that Bank of Scotland plc trading as Halifax won't reimburse funds he says he lost to a scam.

## What happened

On 18 September 2024 Mr K paid £45 through a money transfer service (I'll refer to them as P) to purchase an item, but he didn't receive it. He said he was convinced by the seller to categorise the payment to P as 'friends and family' to avoid paying fees.

Mr K said the seller offered him another item at a low price which made him suspicious that something wasn't right. He raised the matter with Halifax but they didn't reimburse the money he lost. He subsequently complained to Halifax because he didn't think they did enough to protect him before processing the payment. He said Halifax should have helped him to recover the payment, but they refused to.

Mr K explained that Halifax caused him unnecessary stress as he had to keep chasing them for updates and felt his case wasn't being taken seriously. To settle the complaint Mr K said they should refund the payment in full as it was made to a scam and compensate him for the stress caused due to the handling of the case.

Halifax upheld the complaint in part. They said they couldn't refund the payment, as it was correctly authorised by Mr K and there wasn't anything concerning about it that meant they should have intervened before allowing it to be processed. Halifax also said, because Mr K used P's 'friends and family' service, the payment was classed as a money transfer which they don't have any chargeback rights for, under the card scheme rules. However, they paid Mr K £30 compensation for the poor service they provided to him when they closed his complaint without providing the final response letter.

Mr K referred his complaint to our service and our Investigator didn't think Halifax had to do anything further. He said the payments weren't suspicious enough that he would have expected Halifax to have intervened.

The investigator explained that Halifax didn't have any chargeback rights, so he didn't think they could have done anything differently. He went on to explain that he felt that the offer of £30 compensation for the poor service was fair.

Mr K disagreed with our Investigator. In short, he said:

- P told him that if Halifax had raised a dispute, they could have looked into refunding his money. So, because Halifax didn't raise the dispute this has meant he hasn't been able to recover his funds.
- He didn't raise the complaint regarding chargeback rights under Visa, but wanted Halifax to raise a dispute with P. He said that Halifax ignored this method of recovery.
- As Halifax failed to raise a dispute with P, this means that Halifax didn't act in his best interests, and they didn't take reasonable steps to support him when he

reported the fraudulent activity as they refused to contact P.

Our Investigator considered Mr K's additional points, but his position remained the same.

Mr K remained in disagreement with our Investigator. So, the matter has been passed to me to decide.

### **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 really sorry to disappoint Mr K, but I'm not upholding this complaint – for largely the same reasons as the Investigator. It appears Mr K has been the victim of a cruel scam, and I can understand why he'd think he should get the money back. But I've not found that there were any failings on Halifax's part that could lead me to conclude it should refund the disputed payment. I'll explain why.

Before I do, I want to reassure Mr K that I've considered this case on its own merits and taken account of everything he has submitted to our service. And so, while I've summarised this complaint in far less detail than what has been provided, I want to stress that no courtesy is intended by this. If there is a submission I've not addressed; it isn't because I have ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether Halifax is responsible for the claimed loss.

There isn't any dispute here that Mr K made the payment to P. And under the Payment Services Regulations 2017 and the terms of his account, Halifax were expected to process this payment, and he is presumed liable for the loss in the first instance. Although there are circumstances where it might be appropriate for Halifax to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud, I wouldn't reasonably have expected that here. This is because the payment was relatively low in value, inline with Mr K's normal payment history and was being paid to a well-known merchant. So, I think it was reasonable for Halifax to process the payment upon receiving Mr K's instruction.

I've considered whether Halifax acted reasonably when trying to recover Mr K's funds after the dispute was reported to them. As the payment was made using Mr K's debit card, I'm satisfied the only possible option for recovery would've been for Halifax to have attempted a chargeback claim against the payee – that being P. I do not think Halifax could reasonably be expected to contact P outside of this process to raise the dispute as Mr K suggests it ought to have done.

I should explain that a chargeback claim is the process by which payment settlement disputes are resolved between card issuers and merchants. It isn't however guaranteed to result in a refund. There needs to be a right to a chargeback under strict rules which are set by the scheme providers. I have reviewed the communication Mr K had with P, I think it suggests P would have been cooperative during the dispute process but I don't think it guaranteed a refund.

Based on the available evidence, I'm not persuaded there were any prospects of a successful claim here even if a dispute had been attempted. I say this because, the chargeback rules don't cover payments made as a result of a scam. Importantly, there is no obligation for Halifax to raise a chargeback claim when Mr K asks for one. But we would consider it good practice for a claim to be attempted where the rights exist and there is some

prospect of success, which I'm not persuaded there was here.

I know Mr K feels strongly about this matter, but I can't fairly or reasonably hold Halifax responsible for the loss for the reasons I have outlined above.

I have also considered whether the £30 compensation they paid goes far enough to compensate for the customer service Mr K received, I'm satisfied it does. Mr K reported the suspected scam to Halifax on 22 September 2024, and on the same day Halifax told him that they wouldn't be able to assist in recovering the funds because they didn't have chargeback rights for the payment he made. During this conversation Halifax explained that Mr K could speak to Citizens Advice who may be able to provide another way to recover the funds.

Mr K then raised the complaint on 23 September 2024 and I can see Halifax again reconfirmed that they did not have the chargeback rights. And on 24 September 2024, the complaints team provided Mr K with the outcome to his complaint via their chat function where they explained that they hadn't made any errors. Up to this point, I'm satisfied Halifax responded in a timely manner and acted fairly in the way they dealt with Mr K's complaint.

However Mr K was told that he would receive a letter to confirm the outcome of the complaint and he didn't receive this. He chased Halifax for the letter in October 2024 and they subsequently issued the final response letter on 6 November 2024. I accept that Halifax had already informed Mr K of their position and the outcome of his complaint within their chat function. And I understand that the letter didn't change the outcome of his fraud claim, but I think the delay caused some trouble and upset that could've been avoided and I think £30 is reasonable to recognise this error.

I appreciate Mr K will be disappointed by this outcome. But it would only be fair for me to direct Halifax to refund his loss if I thought they were responsible – and I'm not persuaded that this was the case. For the above reasons, I do not require them to do anything further.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 17 December 2025.

Oluwatobi Balogun  
**Ombudsman**