

The complaint

Mr B complains that Bank of Scotland plc trading as Halifax didn't do enough to protect him from losing money in relation to an investment.

Mr B has used a representative to help with his complaint. But, for ease of reading, I'll mostly refer to Mr B himself where I also mean his representative.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide an overview of some of the key events here. In June 2018 Mr B made a payment for £12,000 from his Halifax account to a company I'll refer to as 'H'. He believed this was an investment in the form of a loan note and that his funds would be used in furtherance of H's property development business. He says his loss is £10,000 (having received £2,000 in return) and he is seeking this plus interest from Halifax. I understand that H later went out of business and there is little prospect of Mr B recovering any further money from them.

In 2024 Mr B complained to Halifax. He says that when he made his payment, there was no intervention from Halifax (which he thinks there should've been). He believes that if they'd appropriately advised him, for example by pointing out that H weren't regulated by the Financial Conduct Authority (FCA) and that as such he wouldn't be protected by the Financial Services Compensation Scheme (FSCS), then he wouldn't have gone ahead and then wouldn't have suffered the loss he has.

Halifax didn't uphold Mr B's complaint. They've said that Mr B's initial complaint was that he'd been scammed. And they weren't persuaded that H had scammed him and declined to provide any redress. The matter was referred to our service and considered by one of our Investigators. She didn't recommend that the complaint should be upheld. In summary she wasn't persuaded that Halifax could fairly be said to be responsible for Mr B's loss. Mr B disagrees and has asked for an Ombudsman to review his complaint.

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've reached the same outcome as our Investigator and for broadly similar reasons. I know this will be disappointing for Mr B, so I'll explain why.

Firstly, the notes from Halifax indicate that the initial complaint made was in relation to H being an alleged scam. This is something Mr B has been adamant since that it isn't the basis of his complaint. He seems to accept that this was an investment that has gone wrong and believes Halifax's failures to warn him when making the payment means they should reimburse his loss.

In either case, the crux of the matter is that Mr B would like Halifax to refund his outstanding loss that arises from his £12,000 payment to H from June 2018. So, I've considered his complaint on that basis. This does mean I'll briefly cover some aspects that largely aren't in dispute, such as whether H were operating a scam.

For completeness, I agree that it's most likely that H didn't intend to defraud Mr B when taking his payment. There is significant evidence of H completing major property developments across the UK. I think it's more likely than not that both Mr B's and H's intentions were broadly aligned in relation to his payment to them. That being that it would be used towards such developments. And, on the evidence available to me, I've not seen anything which persuades me I can fairly say that Mr B was scammed or that H were operating a ponzi scheme. As I've mentioned above, Mr B seems to be in agreement with this, or at the very least, it isn't the core of his reasoning as to why he thinks Halifax need to do more.

Mr B is correct to say that Halifax owe him a duty of care as their customer. And they should do what they reasonably can to protect him from financial harm due to fraud, scams and the misappropriation of funds. And whilst these obligations are longstanding, I think it's also useful to note that expectations on banks have generally increased in the years since 2018 when Mr B made his payment. So, whilst it doesn't fundamentally change the position, I couldn't fairly apply today's standards and expectations to Halifax's actions back in 2018. I've kept that in mind when considering this complaint.

It isn't in dispute that Mr B himself instructed his £12,000 payment. So, the starting position under the Payment Services Regulations 2017 (PSRs) is that he will usually be responsible for payments he's made himself. But, as I've covered above, Halifax should also do what they can to mitigate the risk of fraud or scams to their customers. And there will be occasions where it's appropriate to intervene in payments (or otherwise take additional steps) with a view to protecting their customers from these risks.

There was, however, no obligation for Halifax to provide Mr B with advice about any investment or to seek to protect him from bad bargains or similar. And given my finding that H most likely weren't operating a scam, Mr B's payment to them was therefore legitimate and Halifax's fraud prevention obligations weren't engaged in relation to it. Put simply, there was no scam to protect against. I can't therefore fairly criticise Halifax for not having done more.

I do understand the point Mr B is making, which is essentially that the £12,000 was out of character for him and his account and that Halifax wouldn't have known at that time that there was no scam risk in relation to it. I also appreciate Mr B thinks that there are other reasons (such as FCA principles and industry practice) which meant that Halifax's obligation is broader than just fraud and scam prevention. And so he thinks there was a foreseeable risk of loss to an investment that Halifax should've protected against. I've considered this, but I don't agree that Halifax needed to intervene in the instance of a high-risk (although legitimate) investment. And whilst I know Mr B hasn't framed it this way, I would consider that to be investment advice – something Halifax didn't need to provide.

That being said, even if I'm wrong on that point and Halifax ought to have intervened as our Investigator suggested, it still wouldn't change my mind as to the outcome of this complaint.

I'm also mindful of the fact that I'm working with limited information here. Whilst I don't doubt Mr B's integrity, and he says there was no conversation at the time, Halifax say their records don't go back that far. I don't think it's unreasonable that Halifax no longer has records in this case as it's beyond the time period I'd expect them to retain them for. And so it's possible

that there was a conversation at the time that Mr B has simply forgotten with the passage of time.

But even if we could be sure there was no interaction at the time, I'd have expected any conversations about H to have centred around checking it was legitimate and not a scam, (something Mr H has described he'd already done in various ways including checking companies house). Many non FCA regulated investments can be entirely genuine (such as art or wine etc.) And I've not seen evidence to support that H presented itself as being regulated when it wasn't. I'm not persuaded it's more likely than not that a conversation or warnings to the level and depth that could fairly be expected of Halifax in 2018, would've changed Mr H's mind about going ahead at the time. It's likely he would've explained it was a property investment that he'd already researched himself. And I don't think Halifax would've needed to check or highlight the regulatory status or give advice as to the applicability of the FSCS scheme.

For completeness, I also don't think there was anything Halifax reasonably could've done to try to help Mr B once he told them what had happened. By that point H was already out of business and they correctly referred him to the administrator.

I understand the serious consequences the loss of such a large amount of money has had on Mr B, particularly as it seems to have impacted both his retirement plans and health. And whilst I'm naturally sympathetic to the difficult position this leaves him in, it isn't a basis upon which I could fairly uphold this complaint. As I don't think Halifax are responsible for his loss, there isn't a reasonable basis upon which I can require them to do more to resolve this complaint.

My final decision

For the reasons outlined above, 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 to accept or reject my decision before 28 October 2025.

Richard Annandale
Ombudsman