

The complaint

Miss I complains that Bank of Scotland plc – trading as Halifax – hasn't refunded the money she says she lost to two authorised push payment ('APP') romance scams.

Miss I referred her complaint to this service with the help of a professional representative. However, for ease of reading, I'll refer only to Miss I throughout my decision.

What happened

Around February 2020, Miss I met a third party (whom I'll refer to as 'Z') on an online dating site. Miss I says that Z threatened to show Miss I's family intimate pictures that had been taken of them both together. To stop that from happening, Miss I sent £5,000 and then £14,000 to Z in April 2020. In May 2020, Miss I reported the situation to Halifax, and it was able to recover £13,581.20 from Z's bank. Halifax didn't refund the remaining loss of £5,418.80.

Around October 2020, Miss I met another third party (whom I'll refer to as 'U') on an online dating site. Miss I says that U claimed he could invest her savings and double her money. Miss I subsequently sent six payments, totalling £6,554, to U and three other beneficiaries who U said were his relatives. Miss I has said the payments were for an investment, to buy goods and also made as a result of blackmail/threats.

U did pay Miss I £300 and, after reporting the situation to Halifax, it was able to recover £500 from one of the beneficiaries she paid. However, Halifax declined to reimburse Miss I's remaining loss of £5,754.

Miss I referred her complaint to this service, and it was considered by one of our Investigators. They didn't recommend Miss I's complaint be upheld. In summary they said they weren't persuaded that the disputed payments had been made as the result of APP scams and that Halifax couldn't reasonably have prevented the payments being made.

Miss I didn't accept our Investigator's opinion and so the complaint 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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account.

It's not in dispute that Miss I made the disputed payments. So, the payments were authorised and under the Payment Services Regulations, the starting position here is that Miss I is responsible for the payments (and the subsequent loss). However, that's not the end of the story.

At the time Miss I made the disputed payments, Halifax was signed up to the Lending Standards Board's Contingent Reimbursement Model ('CRM') Code. The CRM Code provided additional protection from APP scams. However, the CRM Code didn't apply to every APP which ultimately resulted in a loss for a customer. For Miss I's claims to be considered under the principles of the CRM Code, I'd need to be persuaded that it applies in her circumstances.

The CRM Code can only apply where a payment meets the CRM Code definition of an APP scam. The relevant definition for this case would be that Miss I transferred funds to another person for what she believed were legitimate purposes, but which were in fact fraudulent.

Good industry practice also required firms, like Halifax, to be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect the firm to take steps to warn the customer about the risks of proceeding. So, I've considered whether Halifax reasonably ought to have been concerned by Miss I's payments to the extent that it ought to have questioned her about the payments and, importantly, whether reasonable intervention would've prevented Miss I from going ahead with the payments.

I've considered Miss I's payments involving Z and U separately.

Miss I's payments to Z

Miss I has said that she made payments to Z because he blackmailed her and threatened to show compromising pictures to Miss I's family. So, Miss I made the payments under duress and was aware that the payments to Z weren't being made for a legitimate purpose.

Whilst I appreciate Miss I may have made the payments due to Z's alleged criminal behaviour, the payments don't meet the CRM Code definition of an APP scam, because she knew they weren't being made for a legitimate reason. As a result, Miss I isn't entitled to reimbursement of her loss under the principles of the CRM Code.

When Miss I made her first payment to Z, which was for £5,000, Halifax stopped the payment and spoke to Miss I before processing it. Miss I didn't give Halifax accurate answers about why she was sending the payment or who she was sending it to. As a result, Halifax wasn't given a reason not to allow the payment to be made, contrary to Miss I's instructions.

Halifax didn't stop the second payment to Z, which was for £14,000. Although the payment wasn't going to a new payee, it was for a large amount and in the circumstances, I'd have reasonably expected Halifax to have questioned that payment too. Given what the payment was intended for and as Miss I hadn't been honest when she made the £5,000 payment, I'm persuaded that Miss I most likely wouldn't have given accurate answers if Halifax had questioned the £14,000 payment and any warnings are unlikely to have resonated with her and prevented the payment being made.

As a result, I don't think Halifax needs to reimburse Miss I's losses from the payments to Z.

Miss I's payments to U (and the other beneficiaries)

Miss I has only been able to provide very limited evidence of the payments involving U, just a small number of screenshots of a conversation on a well-known instant messaging service and those conversations took place several years after the payments were made. So, it's unclear why the payments were made at the time.

Miss I has said that initially, she sent funds as part of an investment. She's said that subsequent payments were the result of blackmail by U and threats by him to show compromising pictures to Miss I's family.

In the messages between Miss I and U, he said that he had asked Miss I for funds to buy a pallet of PlayStation 5 consoles. He also denied having any pictures of Miss I or of attempting to blackmail her. He also mentioned that he too had lost money as a result of investment opportunities that hadn't been successful.

I've not been provided with any evidence to suggest U set out to scam Miss I at the time the payments were made. So, I'm not as persuaded as I'd need to be that Miss I has been the victim of an APP scam as defined by the CRM Code. And, as I've explained above, any payments that were sent as the result of blackmail wouldn't be covered by the principles of the CRM Code either.

The disputed payments to U (and his family members) ranged in value between £24 and £2,500. So, the payment values alone weren't so suspicious that Halifax reasonably ought to have been concerned by them. The payments were also made over the course of a four-week period, meaning a pattern indicative of fraud wasn't present when the payments were made. As a result, I don't think Halifax reasonably could've been expected to have intervened and prevented the payments being made.

As a result, I don't think Halifax needs to reimburse Miss I's losses from the payments to U and his family members.

Recovery attempts

Once it was aware Miss I was disputing the payments involving Z and U, Halifax did take steps to try and recover funds from the beneficiary accounts, which resulted in some recoveries. Unfortunately, the remaining funds had already been spent or wouldn't be returned by the beneficiary banks because the circumstances of the payments weren't considered to be APP scams. So, I don't think Halifax could've done anything more to mitigate Miss I's losses.

Summary

I appreciate Miss I has lost a significant amount of money as a result of the disputed payments and I have natural sympathy for her. However, I'm not persuaded the CRM Code applies to the payments she made, and I don't think Halifax could've prevented the payments being made or done anything more to recover Miss I's funds. That means I'm not satisfied it would be fair for Halifax to have to reimburse Miss I's loss here.

My final decision

For the reasons explained 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 Miss I to accept or reject my decision before 17 February 2026.

Liam Davies
Ombudsman