

The complaint

Mr D complains that Bank of Scotland plc trading as Halifax ('Halifax') won't reimburse the funds he lost when he says he fell victim to a scam.

What happened

Mr D says that he saw an advert about a rent-to-rent property investment scheme with a company I'll call R. R would use investors' funds to furnish properties which would be let out as a short term let. He received the information from a well-known property website he was subscribed to, which would periodically send him information about investment opportunities.

On 19 April 2023 Mr D paid £25,000 to R. Mr D expected to receive at least £3,000 per month for a five-year period. He initially received returns and decided to invest a further £12,000 in July 2023. Initially Mr D received the returns he expected. Mr D was then told that R's management company ('G') was experiencing difficulties getting money from an online platform. Eventually all communications with R ceased.

Through a professional representative, Mr D complained to Halifax in February 2025. Mr D's representative said that R was operating a scam and that he was unaware of the involvement of G. Mr D said Halifax failed to recognise unusual and out of character payments and should reimburse him under the provisions of the Contingent Reimbursement Model Code ('CRM Code').

Halifax said Mr D has a civil dispute with R.

Mr D brought a complaint to this service through his professional representative.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. She said that Mr D hadn't provided evidence to show that R didn't intend to act in accordance with his agreement with it, and his claim couldn't be considered under the CRM Code. The investigator went on to say that Halifax acted reasonably in processing the payments Mr D made to R.

Mr D, through his professional representative, didn't agree with the investigator's findings. I have summarised the main points he made below:

- Each party entered into the investment with a different purpose in mind. Mr D invested in a rent-to-rent scheme to receive a monthly income. But he hasn't seen evidence that R ever managed any properties, and funds were sent to a third party (G) he wasn't told about. He says his funds weren't used for the intended purpose.
- The returns Mr D received are consistent with R operating a Ponzi scheme.
- Communications from directors of R referred to returns received by other investors, as is common with Ponzi schemes.
- On its website R made promises that were impossible to keep, such as guaranteed returns for the duration of the contract.
- Whilst ostensibly active, R has a first Gazette notice for compulsory strike off – which is a strong indicator it was operating a scam, as is high director churn. And R was advertising for new investors while unable to pay returns to those who had already

invested. This strongly suggests fraudulent intent.

- Mr D's representatives say they have an audio recording of a temporary CEO saying funds were misused
- There is adverse media relating to R and poor reviews.

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, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Halifax is a signatory to the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code). Under this code, the starting principle is that a firm should reimburse a customer who is the victim of an authorised push payment (APP) scam, except in limited circumstances. But the CRM Code only applies if the definition of an authorised push payment (APP) scam, as set out in it, is met.

I have considered whether Mr D's claim falls within the scope of the CRM Code, which defines an APP scam as:

...a transfer of funds executed across Faster Payments...where:

- (i) *The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or*
- (ii) *(ii) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.*

It is for Mr D to demonstrate that he is the victim of an APP scam.

To decide whether Mr D is the victim of an APP scam as defined in the CRM Code I have considered:

- The purpose of the payments and whether Mr D thought this purpose was legitimate.
- The purpose the recipient (R) had in mind at the time of the payments, and whether this broadly aligned with what Mr D understood to have been the purpose of the payments.
- Whether there was a significant difference in these purposes, and if so, whether it could be said this was as a result of dishonest deception.

Mr D thought he was investing in a rent-to-rent property investment scheme. I haven't seen anything to suggest that he didn't consider this to be a legitimate purpose.

I've gone on to consider the available evidence and R's purpose in taking Mr D's funds. Having done so, I'm not satisfied that Mr D has demonstrated it's more likely than not R had a different purpose in mind or that there was fraudulent intent.

I can see that R is a registered company that was incorporated in April 2022. The First Gazette notice for compulsory strike off was filed in July 2025 and R was dissolved on 18 November 2025. So, at the time Mr D invested R was an active company. There are genuine reasons why a company is struck off, and this in itself doesn't evidence fraudulent intent or that R was operating a scam.

Mr D has said that R was operating a scam because it offered very high and guaranteed returns and because he wasn't aware of the involvement of G. I haven't seen a completed and signed agreement in respect of either transaction, but Mr D has provided an unsigned,

undated agreement which doesn't show the names of the parties contracting but does refer to a payment of £25,000. This Joint Venture Agreement sets out that R expected to receive approximately £6,000 rental income from one property management company and that R would pay Mr D 50% each month. So, the involvement of a property management company was clearly set out – it just wasn't named. The contract also makes it clear that Mr D will receive £180,000, "subject to [R] receiving the monies/instalments from the Management Company. [R] are not responsible of [sic] any risks and non-payments from the management company/guests/landlord."

I think it's clear from this clause of the contract that the returns were not guaranteed and there was an element of risk involved. In any event, I'm not satisfied that high returns alone show it's more likely than not that R didn't intend to provide the investment as agreed.

Whilst Mr D says that R didn't use his funds for the intended purpose, he hasn't provided persuasive evidence in support. By contrast, as the investigator set out in her view, I have confidential information that I'm unable to share for data protection reasons which shows funds being used in the manner expected. Payments are sent to and from G, and to third parties linked to the operation of a genuine business in the property sector. The payments are consistent with R's nature of business and the agreement Mr D signed.

Mr D has said there is a recorded conversation in which a temporary CEO of R acknowledged that some funds weren't used for the intended purpose. But Mr D hasn't provided persuasive evidence that supports this.

I'm sorry Mr D hasn't received returns as expected. The fact he hasn't received returns isn't enough to bring his claim within the scope of the CRM Code though. Businesses can fail for many reasons including poor management and the breakdown of relationships. I haven't seen anything to persuade me that it's more likely than not Mr D didn't receive returns because of fraud rather than factors like these.

I appreciate that Mr D's agreement said that R would sign agreements with landlords and management companies in relation to properties being invested in. Mr D says this wasn't what happened, although I haven't been provided with any evidence of this. But even if this was the case, I'm not persuaded I can draw adverse inferences.

Mr D has said that R took on new investors while unable to pay current investors. I'm not persuaded this was done with the intent to defraud. In the absence of other persuasive evidence, I don't think this demonstrates R was operating a Ponzi scheme.

Finally, I've not seen any evidence to suggest the police are investigating the actions of R or evidence from any other external organisation which concludes that R intended to use Mr D's funds for a different purpose to the one agreed with him.

Having carefully considered all the evidence provided to me, I'm not persuaded there is sufficient evidence to conclude that the purpose R had in mind when it took Mr D's payments was different to his. So, I consider Halifax acted fairly in not considering Mr D's complaint under the CRM Code.

If material new evidence comes to light at a later date Mr D can ask Halifax to reconsider his fraud claim.

I've gone on to consider whether there is any other reason I can require Halifax to reimburse Mr D. Halifax should be on the lookout for, and protect its customers from, potentially falling victim to fraud or scams. This includes monitoring accounts and identifying suspicious activity that appears out of character. Where potential fraud is identified, I would expect Halifax to intervene and attempt to prevent losses for the customer.

I think the payment of £25,000 from Mr D's account was unusual and out of character. Halifax recognised the heightened risk posed by this payment and spoke to Mr D more than once about it. Halifax made it very clear that the investment was high risk and that it had real

concerns about R's ability to generate the returns Mr D was expecting. Mr D was asked detailed questions and was asked to call back with additional information. Ultimately though, Mr D said he wanted to go ahead with the payment. Given that Halifax had no reports about R, factors like the lack of concerning information in the public domain, I don't think Halifax could reasonably have refused to follow Mr D's payment instructions. And I can't agree with his submission to this service that if he had been made aware of the risks he wouldn't have invested. Halifax's fraud team raised red flags at the time.

Overall, whilst I'm sorry Mr D has lost a substantial amount of money, I can't fairly hold Halifax responsible for his loss.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 30 December 2025.

Jay Hadfield
Ombudsman