

The complaint

Mr A complains that Bank of Scotland plc, trading as Halifax, won't reimburse him funds he lost as part of an investment fraud.

What happened

As the circumstances of this complaint are well-known to both parties, I have summarised them briefly below.

In 2021, Mr A was introduced to an investment opportunity by an acquaintance in a business I will refer to as 'H'. Mr A was promised daily returns on his investment which was to be in crypto mining and commodities.

Between 11 October and 16 October 2021, Mr A made the following payments from his Halifax account toward that investment:

Payment no. and date	Amount	Payee
1. 11 October 2021	£5	Payee 1
2. 14 October 2021	£5,000	Payee 2
3. 16 October 2021	£2,573.03	Payee 2

Mr A initially received returns on his investment in November and December 2021, with payments being made to him to the value of £2,023.40. But his ability to withdraw any further funds from his investment account soon ceased thereafter, and his attempts to engage with representatives of H became frustrated.

In 2023, Mr A was forwarded a press release which uncovered that H and its co-founders were likely operating a fraudulent investment scheme and were under criminal investigation for offences relating to it.

After discovering this new information, Mr A raised a claim against Halifax, requesting that it assist him in recovering his losses. But after consideration of Mr A's complaint, Halifax concluded that it wasn't liable for his losses.

Unhappy with that response, Mr A referred his complaint to our service for an independent review. An Investigator considered the evidence and testimony provided by both parties, but concluded Halifax could have done more to protect Mr A from fraud at the point he made the second payment. They found that an appropriate intervention at that stage likely would have uncovered the fraud and therefore prevented Mr A's losses.

Halifax didn't agree with that opinion, so the matter has now 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.

Considerations

There is no dispute here that Mr A authorised the transactions in question. And the starting position in law is that Mr A will be held liable for transactions he authorised in the first instance. That is due to Halifax's primary obligation to process payments in line with its customer's instructions, as set out in the Payment Services Regulations 2017.

All parties have now agreed Mr A's transactions are not covered by the Contingent Reimbursement Model (the CRM Code), which was a voluntary fraud reimbursement scheme Halifax was signed up to at the time these payments were made. That's due to the payments not being made to the fraudster directly here, which must be the case if the matter is to fall under the scope of the CRM Code.

However, taking 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, Halifax ought reasonably to have been on the lookout for payments made from its customer's account that might be indicative they are at risk of financial harm. And where it ought to have intervened in a suspicious payment, and that intervention would have prevented a loss to the customer, it can be held liable for that loss either fully or in part.

Should Halifax have been concerned about the payments made?

The first payment Mr A made from his account was a low value payment. And considering the number of payments Halifax processes at any given time, it would be unreasonable to expect it to stop such a payment for further review.

However, the second payment Mr A made was substantial in value. And when comparing it against Mr A's typical account usage, it was out of character. Mr A did occasionally make higher value transfers, but these tended to be for far lower amounts and irregular. In addition, Mr A was making a payment to new payee, which carried a greater risk than making a payment to an established, trusted payee.

For these reasons, I find Halifax ought to have been concerned. And a proportionate response to that concern would have been for Halifax to contact Mr A, question the purpose of the payment, and eliminate the possibility he was at risk of financial harm from fraud.

Would that intervention likely have prevented Mr A's loss?

Prior to Mr A making the second payment, he attempted to transfer £10,000 from his Halifax account to his crypto asset provider so that he could pay toward the investment. However, before the payment was processed, Halifax intervened and ask Mr A the purpose of his payment.

Mr A was open and honest with Halifax and told it that he was paying toward a crypto investment. He even revealed during the call that the profits his friend had made on the investment were nearing 20% per month, a figure that ought to have caused Halifax's representative alarm.

But during this call, no concern was raised about the investment. And no further probing was

carried out to find out what the investment opportunity was or who it was being offered by. Halifax has argued that warnings and education were provided, but any warning or education given in the call were unrelated to Mr A's circumstances.

It is hard for me to know for sure what would have happened in the call had Halifax handled it better. But some of the generic warnings around crypto volatility that the Halifax representative made did cause Mr A to not continue with the payment. And he eventually opted to invest a smaller sum and through an alternative means. So I don't think Mr A was immovable in his desire to carry out the transaction, and was open to warnings.

Halifax ought to have warned Mr A around the common themes of crypto investment frauds, including promises of high returns which were not realistic, and by encouraging him to research the business himself rather than relying on information held by a third-party. Had this been done, there were several warnings about the investment scheme available at the time. And Mr A likely would have stopped with the payment, like he had during the call with Halifax when attempting to make the previous payment.

Should Mr A share liability for his loss?

Mr A was introduced to this opportunity by an acquaintance and neighbour. Both parties knew each other well and there was a level of trust that allowed Mr A to proceed with the investment without carrying out a similar level of due diligence his acquaintance had already carried out.

Further, Mr A had reassurances from his acquaintance that he was receiving the returns promised by the scheme into his account. He was also invited to seminars that were held by the investment scheme's co-founder and was given an in-depth breakdown of how the scheme worked.

Both the reassurance of a close and trusted third-party regarding the scheme's legitimacy, and the evidence that returns promised were being paid, are enough in my view to find Mr A was not negligent when proceeding to invest in the scheme. He should therefore not bear any liability for his loss.

Putting things right

Halifax should now go ahead and reimburse Mr A his loss from payment two onward, minus the returns Mr A was paid. By my calculations this totals £5,549.63.

It should also pay him 8% simple annual interest on those funds; from the date the payments were made to the date of settlement. That's to reflect the deprivation of those funds from the date Halifax ought to have prevented the loss.

My final decision

For the reasons I have given above, I uphold this complaint and direct Bank of Scotland plc, trading as Halifax, to reimburse Mr A his loss, including interest, as I have set out above.

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

Stephen Westlake
Ombudsman