

The complaint

Mrs N complains that Bank of Scotland plc, trading as Halifax (“Halifax”), won’t refund her money, which she believes she has lost to a scam.

What happened

The background to this complaint is well known to all parties, so I won’t repeat it in detail here. But in summary, I understand it to be as follows.

In or around December 2024, Mrs N was looking for a roofer to carry out some work on her property, which she holds as an investment. She found one through a well-known online directory for tradespeople, who I’ll call “J”. Mrs N contacted J, who visited her property and provided a quote for the work – satisfied with this, Mrs N instructed J to carry out the work.

Between 14-17 December 2024, Mrs N made four payments from her Halifax account, totalling £4,000 (four payments of £1,000), to J. At J’s request the payments were made to an account that was held by J’s partner. Further payments were made from an account that Mrs N holds with another banking provider, but those payments do not form part of this complaint.

Mrs N has said that J erected scaffolding and worked for around 2-3 days. However, she’s said when she told J she didn’t want to pay cash for the work, they asked for more money. Alongside this, Mrs N has said J found other issues which meant the price of the work kept increasing. She went on to say that a few weeks after the work had been completed the roof leaked and J had left it in a worse condition than before.

Mrs N contacted J but did not receive a refund. J maintained that the work had been completed and after exchanging a number of messages, J told Mrs N that the company was in liquidation and asked Mrs N to stop contacting them.

Believing she’d fallen victim to a scam, Mrs N raised the matter with Halifax, but it did not consider it was liable for Mrs N’s loss. In summary, this was because it thought what had happened was a civil matter.

Unhappy with Halifax’s response, Mrs N brought her complaint to this service. One of our Investigators looked into things. But they agreed with Halifax, that this was most likely a civil dispute, and so Mrs N was not entitled to a refund of the payments she had made.

Mrs N didn’t agree with our Investigator’s view, she maintained that what had happened was a scam. In summary, she said;

- Other people had taken J to court and won.
- Trading Standards investigated J and have confirmed that J is a scammer.
- The address on the invoice J had given her doesn’t exist.
- J is a criminal (with Mrs N sharing articles about J).

As agreement couldn’t be reached, the complaint has been passed to me for a final decision.

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 and having thought very carefully about Halifax's actions, I agree with the findings set out by our Investigator. I do appreciate how disappointing this will be for Mrs N but, whilst I'm sorry to hear of what's happened, I don't think I can fairly hold Halifax liable for her loss.

I intend to keep my final decision relatively brief here and I'm very aware that I've summarised this complaint, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. Instead, it's because the evidence and outcome have already been explained to Mrs N (and Halifax) by our Investigator. And having considered what our Investigator has said, whilst thinking about the available information and evidence myself, I see no reason to reach a different outcome. I'll explain why.

From 7 October 2024, Payment Services Providers in the UK, like Halifax, have been bound by the Faster Payments Scheme (FPS) and the CHAPS reimbursement rules ("Reimbursement Rules"). Under these rules, most victims of Authorised Push Payment (APP) scams should be reimbursed – but "private civil disputes" are not covered.

I've therefore considered whether what has happened between Mrs N and J meets the Reimbursement Rules' definition of an APP scam or could more reasonably be classed as a civil dispute. The Reimbursement Rules define an APP Scam as:

"Where a person uses a fraudulent or dishonest act or course of conduct to manipulate, deceive or persuade a consumer into transferring funds from the consumer's relevant account to a relevant account not controlled by the consumer, where:

- The recipient is not who the consumer intended to pay, or*
- The payment is not for the purpose the consumer intended"*

By contrast, a private civil dispute is defined as;

"A dispute between a consumer and payee which is a private matter between them for resolution in the civil courts, rather than involving criminal fraud or dishonesty".

In its published policy statement PS23/3, the Payment Systems Regulator gave further guidance:

"2.6 Civil disputes do not meet our definition of an APP fraud as the customer has not been deceived [...] The law protects consumer rights when purchasing goods and services, including through the Consumer Rights Act."

2.5 provides an example of when this might apply:

"...such as where a customer has paid a legitimate supplier for goods or services but has not received them, they are defective in some way, or the customer is otherwise dissatisfied with the supplier."

So, in order to consider what has happened here as an APP scam, I would need to be satisfied that it involves criminal deception. The evidence for this would therefore need to be convincing.

The threshold for establishing fraud is a high one. In criminal proceedings, the standard of proof is "*beyond reasonable doubt*", but this service assesses cases using the civil standard of proof, which is based on the balance of probabilities. Under this standard, a finding of fraud must be more likely than not. Even so, the bar remains high. It is not enough for fraud to be a compelling or persuasive explanation, nor is it sufficient for it to be the most likely among several possible explanations. It must be more probable than the opposite conclusion — i.e., that fraud did not occur.

Mrs N paid J (albeit I understand Mrs N paid to an account that was held by J's partner) and I've seen nothing to suggest that this was not who she intended to pay. So, Mrs N cannot be said to have paid a recipient she did not intend to pay, as per the definition above.

Here, the purpose of the payment was to complete work on Mrs N's roof. While I appreciate that Mrs N has said the work was completed to a poor standard and later leaked, it's clear that J did attend Mrs N's property and it is also clear that some work was carried out. While this doesn't of course rule out the possibility that a fraud has taken place, it equally supports the notion that J didn't deceive Mrs N about the very purpose of the payments (that being for the provision of roofing work).

I am mindful that Mrs N has highlighted some issues which might suggest J wasn't acting as I might expect a professional tradesperson to do. Such as seemingly suggesting they were VAT registered, with Mrs N saying they were not. Alongside this, I'm mindful Mrs N has said that the address on the invoice J provided doesn't exist. But it doesn't automatically follow that acting unprofessionally means someone intended to operate a scam. And while this may demonstrate that J is of poor character and unscrupulous, it does not necessarily show, in the individual circumstances of this case, that there was an intent to defraud.

While I accept these behaviours can be hallmarks of a scam, there are other possible reasons for them being present. I need to weigh up what I think is more likely than not to have happened here and whether J set out to defraud Mrs N. Of course, I can't know for sure what was intended, particularly in the absence of any direct contact and testimony from the third party involved – J. Instead, I need to make my decision based on the evidence that is actually available to me and considering whether I think that evidence shows fraud is the most likely of the possible outcomes (in other words, applying the balance of probabilities).

I understand that Mrs N has said she reported the matter to the Police, Action Fraud and Trading Standards. With Mrs N adding that Trading Standards had investigated J and confirmed that J was a scammer. But the evidence I've seen doesn't support that. The evidence I've seen from Trading Standards indicates that it didn't have the resources to investigate where the complainant was a trader (as Mrs N was here, being the landlord of the property). But Trading Standards went on to say that if it had been Mrs N's own personal home, then an investigation would have commenced. While this may point to Trading Standards having concerns about how J was operating, I don't agree, without an investigation being carried out, it points to Trading Standards making a conclusive finding that J had scammed Mrs N.

Alongside this, Mrs N has also pointed to a criminal conviction J seems to have for an unrelated matter. Although this lends weight to J being of bad character, I don't think a previous conviction J had, particularly one that is seemingly in no way linked to what is disputed, means that future work they agree to complete is also necessarily a scam. A business may act unprofessionally but can still be carrying out legitimate business.

Alongside this, whilst I can't go into specific details due to data protection reasons, information I've seen from the beneficiary bank (the bank to which the faster payment was made) supports that J didn't have a different intention for the money that was received. Albeit I'm mindful this was J's partners account, evidence of the transactions on the account is consistent with what you would expect to see from somebody involved in the roofing trade.

There are also a number of other factors that aren't typically seen in scams. Mrs N wasn't cold called or contacted out of the blue; she found J through a reputable online directory. As well as this, I've also seen that J did continue communicating with Mrs N after the payments were made and the work was completed. So, J did stay in contact with Mrs N, at least for a time. This is not usual in the case of scams, where more often than not, on receipt of a victim's money, a fraudster will then no longer be contactable.

As I have explained, in order to find J did intend to defraud Mrs N, I'd need to see convincing evidence to show fraud is the most likely explanation over any other possibility. That includes the possibility that J set out with the intent to undertake the work in good faith, but circumstances changed and ultimately the relationship between Mrs N and J broke down. There is also the possibility that J engaged in poor practices, such as being unprofessional, poorly organised and incompetent. But based on the evidence I've seen, on balance, I'm currently unable to conclude J had the intent to defraud and that Mrs N fell victim to an APP scam.

I want to be clear that I am not ruling out the possibility that Mrs N has been the victim of fraud here and in the individual circumstances of this case it is finely balanced. But with the evidence currently available, I can't safely say that fraud is the most probable explanation, over any other, as to why things have gone wrong.

I know this will be a huge disappointment to Mrs N, and I appreciate how strongly she feels about this case. But for the reasons I've explained above, I do not consider that it was unreasonable for Halifax to decline Mrs N's claim when considering the Reimbursement Rules, and I find no other reasons upon which it would be fair to ask Halifax to refund Mrs N the money she lost.

Finally, in her submissions Mrs N has referred to others, who had used J's services and successfully taken them to court. My decision here is the final stage in our process, so marks the end of this service's involvement. However, Mrs N doesn't have to accept my final decision, and if she doesn't it won't be binding on her. Subject to any time limits or other restrictions, Mrs N's right to pursue alternative remedies, such as through the courts, won't have been prejudiced by our consideration of this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 5 May 2026.

Stephen Wise
Ombudsman