

The complaint

Mr B, via a representative, has complained that Bank of Scotland plc trading as Halifax (“Halifax”) failed to refund the money he lost as part of an investment scam.

What happened

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In summary though, Mr B was messaged by a scammer and after some time he struck up a friendship with this person. The scammer persuaded Mr B to invest in a scam investment firm that I will call C.

Mr B then made a number of payments to C from two of his current account providers and a credit card provider. These funds originated, for the most part, from an account he held with a third current account provider. Over 30 payments were made from Halifax totalling over £200,000 between December 2023 and May 2024. These payments were a mixture of debit card payments, transfers and open banking transactions. Some of the payments went directly to a crypto exchange where they were converted into crypto currency, they were then sent on to C. Other payments went to an account that he held with a different provider. These funds were then sent via a crypto exchange to C.

Mr B realised he had been scammed when he was unable to withdraw his “profits” from C without paying additional fees. Mr B asked Halifax to refund the transactions he made from his account, as he believes Halifax should have done more to prevent him from being scammed in the first place. Halifax did not agree with this.

One of our investigators looked into this matter and she thought that any intervention from Halifax would not have stopped the scam. She said this because Halifax did intervene on a number of occasions and Mr B misled Halifax as to what he was doing. She therefore did not uphold this complaint.

Mr B did not agree with this and therefore his complaint has been passed to me to issue a 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, I agree with the conclusions reached by the investigator for the following reasons.

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.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, on what I consider is more likely to have (or would have) happened, in light of the available evidence and the wider circumstances.

In broad terms, the starting position is that Halifax is expected to process payments and withdrawals that a customer authorises it to make. This should be in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.

However, taking into account relevant law, regulatory rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that Halifax should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Halifax sometimes does); and
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

Firstly I should explain that Halifax and one of Mr B's other account providers are essentially part of the same banking group so when I say Halifax intervened and called Mr B this was a shared fraud team for both banks.

Halifax should have considered the first payment that was part of the scam as unusual as it was for £12,000 and was significantly larger than the payments that Mr B usually made. I can see that Halifax did intervene around the time of this payment and asked Mr B to go to a branch to discuss this payment and also intervened multiple times throughout the scam.

Having listened to the calls in question, and taking everything into consideration, I don't think any level of intervention would have stopped the scam. Let me explain why.

Mr B seems to have been aware that, if he gave accurate answers as to what he was doing, his payments might be stopped. I say this because during the interventions he actively misled both Halifax and one of his other account providers. Some examples of this are Mr B saying that the recent loan he took out was for home improvements, when actually it was for an investment. He confirmed that he was making the payments on his own, when he was being advised by a third party. He also said one of the payments was to send funds to his daughter and that nobody had promised him large returns, again, both of these points are not the case. Finally he said that the funds were just going to stay in his crypto wallet when in fact the funds were to be sent on to C.

I also note that Mr B was warned on a number of occasions both by Halifax and one of his other current account providers that what he was doing had signs of a scam. They both provided warnings setting out some of the features of crypto scams and despite all of this, Mr B still chose to send the money onto C.

Ultimately, Halifax was only required to take proportionate steps to try and protect Mr B from financial harm and I think Halifax did so on this occasion. I'm also not persuaded he would've shared anything concerning with Halifax, even if it had questioned him more about what he was doing. So overall, I don't think that Halifax could have uncovered or prevented the scam.

I've also thought about whether Halifax could have done more to recover the funds after Mr B reported the fraud.

Halifax are under no obligation to refund the money under the Contingent Reimbursement Model (CRM) Code. This is because the funds were sent to accounts that Mr B controlled. I also note that Halifax could not have recovered those funds from the accounts they went to as they had already been sent to the scammer.

I appreciate this will likely come as a disappointment to Mr B, and I'm sorry to hear he has been the victim of a cruel scam. However, whilst I have a great deal of sympathy for the situation that Mr B found himself in, I'm not persuaded that Halifax can fairly or reasonably be held liable for his loss in these circumstances.

My final decision

For the reasons given above, I do not 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 12 November 2025.

Charlie Newton
Ombudsman