

## **The complaint**

Mrs F complains that Bank of Scotland plc trading as Halifax ('Halifax') won't refund the money she lost as the result of a scam.

## **What happened**

The background to this complaint isn't in dispute, so I won't go into detail. But, in summary, this is my understanding of the complaint.

Mr F, a relative of Mrs F, found an investment online relating to a company I'll refer to as H. H was a property developer who offered loan notes with a return of 12% per annum.

A payment of £25,000 was made from Mrs F's account to H on 3 May 2019.

In January 2022, H went into administration.

A professional representative raised a fraud claim on Mrs F's behalf with Halifax in June 2024.

Halifax declined to refund Mrs F saying H was a genuine company who fell into financial difficulties.

An investigator looked into Mrs F's complaint but didn't uphold it. The investigator was satisfied that Halifax should've intervened when the payment was made but wasn't persuaded that would've prevented her loss.

Mrs F disagreed with the investigator's opinion, and her representative provided a substantial response. This included:

- Counsel's opinion from a KC, instructed by Mrs F's representative
- A forensic report from an accountancy firm.
- A junior counsel's opinion on a judgement regarding a company I'll refer to as H2.

As the case couldn't be resolved informally, it was passed to me to review.

## **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 be good industry practice at the time.

In broad terms, the starting position in law is that Halifax are expected to process payments that a customer authorises it to make, in accordance with the terms and conditions of the customer's account and the Payment Services Regulations 2017 (PSR's).

Halifax are a signatory to the Contingent Reimbursement Model Code (CRM Code), but it wasn't introduced until 28 May 2019 and can't be applied retrospectively. This means it doesn't apply to Mrs F's payment.

However, when the payment was made, Halifax should fairly and reasonably have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams. Also, I'd expect Halifax to have 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). And where a potential risk of financial harm is identified, to have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment.

Halifax say they're unable to confirm what, if any, warnings Mrs F was presented with when the payment was made.

Based on Mrs F's previous account activity, I'm satisfied that this payment was so unusual and out of character that Halifax should've intervened and asked questions about why the payment was being made.

As part of that intervention, I would expect Halifax to ask open and probing questions which might include how Mrs F found the investment, what information and documentation she had about the investment, and what checks had been completed on H.

But I'm not satisfied that the answers Mrs F would've given meant Halifax should've identified a risk of potential harm from fraud, or that Halifax could reasonably have refused to follow her payment instructions. I say this because there wasn't any adverse information available about H at the time Mrs F made her payment.

H had completed on three separate property developments and had other developments it was working on. And the documentation that investors were given was professional and set out the terms of the investment. All the information Mrs F had suggested that it was a genuine investment.

I've considered the evidence that Mrs F's representatives have shared in response to the investigator's view, but this focuses on why they believe the investment was a scam. It doesn't address or provide any persuasive evidence to show that Halifax would've or should've identified it as a scam when Mrs F made the payment.

Even if Halifax had recommended that Mrs F complete additional checks on H before making the payment, I'm not satisfied that it would've uncovered any concerning information that would've suggested it wasn't a genuine investment.

So, I'm not satisfied that I can fairly say intervention by Halifax would've prevented Mrs F's loss.

I'm really sorry to disappoint Mrs F who suffered a large financial loss. But I'm not satisfied that I can hold Halifax liable or ask them to refund her.

**My final decision**

My final decision is that I don't uphold this complaint against Bank of Scotland plc trading as Halifax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 8 December 2025.

Lisa Lowe  
**Ombudsman**