

## The complaint

Mr A complains that Bank of Scotland plc trading as Halifax (Halifax) is refusing to refund him the amount he lost as the result of a scam.

Mr A is being represented by a third party. To keep things simple, I will refer to Mr A throughout my decision.

## What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr A was contacted by an individual offering an investment opportunity in a company I will call X. Mr A was told that his friend had also invested and had a positive experience.

X appeared very knowledgeable and was able to answer all the questions Mr A had with confidence. So, Mr A decided to start investing.

Mr A was provided with access to a professional looking trading platform, and the investment appeared to be going well until Mr A decided to make a withdrawal. Each time Mr A attempted a withdrawal he was asked to make further payments first, but despite making several payments Mr A never received any funds.

Mr A then carried out further research himself and realised he had fallen victim to a scam.

Mr A has disputed the following payments made from his Halifax account in relation to the scam:

<u>Payment</u>	<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
1	29 January 2024	Binance	Debit Card	£2,200.00
2	4 February 2024	Binance	Debit Card	£1,300.00
3	8 February 2024	Binance	Debit Card	£1,000.00
4	2 March 2024	Binance	Debit Card	£500.00
5	14 March 2024	Binance	Debit Card	£1,000.00
6	18 March 2024	Binance	Debit Card	£4,500.00
7	21 March 2024	Binance	Debit Card	£3,000.00
8	22 March 2024	Binance	Debit Card	£1,300.00
9	1 April 2024	Binance	Debit Card	£4,000.00
10	1 April 2024	Binance	Debit Card	£4,000.00
11	1 April 2024	Binance	Debit Card	£3,000.00
12	6 April 2024	Binance	Debit Card	£1,000.00
13	19 April 1934	Binance	Debit Card	£50.00
14	28 May 2024	Binance	Debit Card	£5,000.00
15	28 May 2024	Binance	Debit Card	£5,000.00
	28 May 2024	Binance	Debit Card	£3,000.00 blocked
16	28 May 2024	Binance	Debit Card	£3,200.00

17	3 June 2024	Binance	Debit Card	£5,000.00
18	3 June 2024	Binance	Debit Card	£3,250.00

Our Investigator considered Mr A's complaint and thought it should be upheld in part. Halifax didn't agree, so this complaint has 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.

It has not been disputed that Mr A has fallen victim to a cruel scam. The evidence provided by both Mr A and Halifax sets out what happened. What is in dispute is whether Halifax should refund the money Mr A lost due to the scam.

#### *Recovering the payments Mr A made*

Mr A made payments into the scam via his debit card. When payments are made by card the only recovery option Halifax has is to request a chargeback.

But Mr A didn't make the disputed payments to X directly. Instead, he made the payments to a well-known cryptocurrency exchange in exchange for cryptocurrency that was provided to him. As it took further steps for those funds to end up in the hands of the scammer any attempt to recover the payments would have no prospects of success.

#### *Should Halifax have reasonably prevented the payments Mr A made?*

It has been accepted that Mr A authorised the payments that were made from his account with Halifax, albeit on X's instruction. So, the starting point here is that Mr A is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Halifax should have been aware of the scam and intervened when Mr A was making the payments. And if it had intervened, would it have been able to prevent the scam taking place.

The first payments Mr A made in relation to the scam were not of such a high value that I would have expected them to have caused Halifax to have had concerns prompting it to intervene.

However, when Mr A made payment 6 he was making a more significant payment for the higher value of £4,500. The payment was also being made to a known cryptocurrency exchange. Considering the increased risk associated with cryptocurrency related payments I think Halifax should have had concerns when this payment was made that Mr A could have been at risk of financial harm and it should have intervened.

I think a proportionate intervention would have been for Halifax to have discussed the payment with Mr A with a view of understanding the circumstances that led to the payment and to provide him with relevant warnings.

Had Halifax asked relevant questions about what led to the payment I think its most likely it would have found that Mr A had been contacted out of the blue about an investment opportunity and was making payments via cryptocurrency on the advice of X expecting to

receive unrealistic returns.

Considering what Halifax would have known about similar types of scams at the time I think it's most likely Halifax would have uncovered the scam and Mr A's loss could have been prevented from payment 6 onwards.

Halifax has said that it did intervene when Mr A attempted to make a payment on 28 May 2024 and a call between Mr A and Halifax took place. I have listened to a recording of this call, and I don't think it went far enough. Halifax didn't ask Mr A relevant questions that would have uncovered the type of scam he was experiencing, and it didn't provide him with appropriate warnings.

Halifax has agreed that this intervention didn't go far enough but has also said the payments Mr A made were not so out of character from the way he usually operated his account so it doesn't agree that it should be held responsible for his loss from as early as payment 6. Instead, it offered to refund Mr A 50% of his loss from payment 16 onwards.

I have thought about what Halifax has said, but I don't agree. Halifax has pointed to payments Mr A made to the same cryptocurrency exchange in February 2023, but this was almost a year before the payments Mr A has disputed, and I don't think it makes the payments Mr A has disputed any less concerning. For the reasons I've explained above I still think Halifax should have intervened when Mr A attempted payment 6.

*Did Mr A contribute to his loss?*

Despite regulatory safeguards, there is a general principle that consumers must still take responsibility for their decisions (see s.1C(d) of our enabling statute, the Financial Services and Markets Act 2000).

In the circumstances, I do think it would be fair to reduce compensation by 50% on the basis that Mr A should share blame for what happened. I say this because I think there were red flags Mr A should have been aware of:

- Mr A invested having received a message from someone that he had not met in person
- Mr A doesn't appear to have checked with his friend that had also invested
- X promised unrealistic returns in a very short space of time

I think that if Mr A had taken more notice of the red flags he could have done more. For example, he could have carried out further research, or sought independent advice, whether that been professional, or that of friends and family before making the payments.

I think that if Mr A had taken more care, he could also have prevented the scam.

### **Putting things right**

To put things right I require Bank of Scotland plc trading as Halifax to:

- Refund the payments made in relation to the scam from payment 6 onwards less 50%
- Pay 8% simple interest on the amount it pays Mr A from the date of the loss to the date the payment is made (less any lawfully deductible tax)

**My final decision**

I uphold this complaint and require Bank of Scotland plc trading as Halifax to put things right by doing what I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 18 February 2026.

Terry Woodham  
**Ombudsman**