

The complaint

Miss O complains that Bank of Scotland plc, trading as Halifax, won't refund the money she lost when she was the victim of what she feels was a scam.

What happened

In early 2024, Miss O says she was told about an opportunity to invest with a trader who was a friend of her then boyfriend. She says she spoke to the trader who showed her some of their trading history and provided her with a contract. And as she knew other people who said they had invested and been receiving returns from the trader, Miss O decided to invest as well.

Miss O then made a number of payments from her Halifax account to the trader, as set out below:

Date	Details	Amount
1 February 2024	To 1 st account details	£15,000
31 May 2024	To 1 st account details	£6,000
6 October 2024	To 2 nd account details	£9,000

Miss O received some returns from the trader over the following months. But, shortly after the final payment she made, the trader told her their trades had made big losses and so all her money had been lost. The trader then stopped responding to her attempted communication, so Miss O thought she had been the victim of a scam and reported the payments she had made to Halifax.

Halifax investigated but said it felt this was a civil dispute between Miss O and the trader, rather than a scam. So it didn't agree to refund the payments she had made. Miss O wasn't satisfied with Halifax's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think there was enough evidence to say what had happened here met the definition of a scam, and so didn't think Halifax should have to refund the money Miss O had lost. Miss O disagreed with our investigator, so the complaint has been passed to me.

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 broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

At the time of the payments, Halifax was a signatory of the Lending Standards Boards Contingent Reimbursement Model (the CRM code). This required firms to reimburse customers who had been the victim of certain types of scams, in all but a limited number of circumstances. But customers were only covered by the code where they had been the victim of a scam – as defined in the code.

The relevant definition of a scam from the CRM code is that the customer transferred funds to another person for what they believed were legitimate purposes but were in fact fraudulent.

The CRM code also says it doesn't apply to private civil disputes, 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 determine whether Miss O has been the victim of a scam as defined in the CRM code I need to consider whether the purpose she intended for the payments was legitimate, whether the purposes she and the trader intended were broadly aligned and then, if they weren't, whether this was the result of dishonest deception on the part of the trader.

But I'm not satisfied the evidence I've seen shows that the trader intended a different purpose for the payments, or that Miss O's and the trader's purposes for the payments weren't broadly aligned.

I've thought very carefully about this and I think it's a finely balanced matter in this case. But where the evidence available is unclear or inconclusive, I must make my decision on what I think is likely to have happened, based on the evidence I do have.

Miss O has said she didn't receive all the returns she was told she would. But investments can fail or not produce their intended returns for a number of reasons, that don't necessarily mean they were being operated as a scam. So I don't think this, by itself, is sufficient evidence to say the trader here was operating a scam.

Miss O was first introduced to the trader by her then boyfriend, who she understood had also invested with the trader and received returns. Miss O has also said she had known the trader for three or four years before agreeing to the investment, and had spent time with them socially. But I wouldn't usually expect a scammer to have been able to arrange this kind of personal introduction or to have had this kind of previous relationship with a victim.

The trader provided Miss O with several written investment agreements relating to the payments she made which specifically highlighted that her capital was at risk, the value of the investment could go down as well as up so investors may not get back the amount invested, and past performance was no guarantee of future performance. And while Miss O has pointed out that other parts of the agreement aren't in line with what might be expected from a legitimate investment, I also wouldn't expect a scammer to highlight these kinds of risks to potential victims.

Miss O also received more than £5,000 back from the trader in returns over a period of around seven months after the first payment she made here. But I wouldn't usually expect a scammer to send so much money back to a victim, or over such a prolonged period of time.

I appreciate Miss O has provided evidence that the trader was acting unprofessionally, including claiming to be a licensed professional, promising high returns and suggesting Miss O refer to the payment as a gift or connected to her family. But acting unprofessionally is not the same as intending to operate a scam. And I don't think these issues Miss O has

raised go far enough to conclude the trader intended to steal her or other investor's money without providing the agreed service.

The banks the payments were made to have told us they haven't received any other scam reports against the accounts. But scammers usually target a number of people at once, in order to make as much money as possible before the scam is uncovered. So I'd expect to see other scam reports to the same account around the same time if the trader was operating a scam.

I've also seen evidence relating to the accounts the payments were made to, and while I can't share any details of this evidence, I don't think it suggests they were being used to operate a scam.

I also haven't seen any clear evidence which shows that the trader didn't invest the money Miss O sent to them in the way they suggested they would, rather than that the proposed investment failed or didn't provide the expected returns. And I haven't been provided with evidence of any investigation by an external organisation which concludes that the trader was operating a scam in relation to the payments Miss O has complained about.

So I'm not persuaded that the available evidence is sufficient to safely conclude that the purpose the trader intended for these payments was different than the purpose Miss O intended. And so I think Halifax has acted reasonably in saying the circumstances here don't meet the definition of a scam from the CRM code, and in not agreeing to refund the money Miss O lost from the payments as a result.

I sympathise with the position Miss O has found herself in and I appreciate that she has lost a significant amount of money. I'm also in no way saying she did anything wrong or that she doesn't have a legitimate grievance against the trader. But I can only look at Halifax's responsibilities here and, for the reasons I've explained above, I don't think it would be fair to hold Halifax responsible for the money she has lost.

It's possible that material new evidence may become available at a future date, which suggests that the trader did take the payments using dishonest deception. If that happens, Miss O can ask Halifax to reconsider her claim for these payments and, if not satisfied with its response, bring a new complaint to our service.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 19 December 2025.

Alan Millward
Ombudsman