

## Complaint

Ms K is unhappy that Bank of Scotland plc (trading as Halifax) didn't reimburse her after she reported falling victim to a scam.

## Background

In 2023, Ms K fell victim to an investment scam. She responded to an online advertisement for an investment firm that appeared to be endorsed by a well-known public figure. The firm claimed to specialise in cryptocurrency investments. After completing a form on the company's website, Ms K was contacted by someone posing as a representative of the firm. She didn't know it at the time, but she was dealing with fraudsters rather than a legitimate investment company.

She was introduced to Mr E, who acted as her account manager. Following his instructions, she opened an account with another company, which I'll refer to as Business A. Ms K made multiple payments from her Halifax account. Some were credited to her account with Business A, which was in her name, while others were sent to Business B, an established e-money firm, and one payment went directly to the fraudsters. The funds deposited into her Business A account were subsequently transferred to well-known cryptocurrency exchanges, converted into cryptocurrency, and ultimately moved into the fraudsters' control.

Once she realised that she'd fallen victim to a scam, she notified Halifax. It didn't agree to refund her losses in full. It said "*... we can't provide you with a refund as the money has went to an account in your own name that you had full access to, the money was lost to the scam from your [Business A] account, therefore we are not the exiting bank...*"

It agreed to refund 50% of the final payment. It also agreed to pay her £400 in recognition of the distress and inconvenience caused by its delay in looking into her claim.

Ms K wasn't happy about that and so she referred her complaint to this service. It was looked at by an Investigator who didn't think Halifax needed to do anything further to resolve the complaint. Its offer was, in his view, fair and reasonable. Ms K didn't agree with the Investigator's opinion and so the complaint has been passed to me to consider and come to a final decision.

## Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As a starting point, the legal position is that a firm is generally required to process payments and withdrawals authorised by its customer, in line with the Payment Services Regulations (in this case, the 2017 regulations) and the account terms and conditions. It is accepted that the disputed payments were authorised, so Ms K is presumed liable at first instance.

Halifax is a signatory to the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code). Under the CRM Code, firms are generally expected to reimburse customers who have fallen victim to authorised push payment (APP) scams, subject to a limited set of exceptions. However, the Code only applies to certain types of payments and

does not cover transactions made to an account in the customer's own name. In this case, all but one of Ms K's payments were made to an account in her name, meaning only that single payment falls within the scope of the CRM Code.

However, that is not the end of the story. Good industry practice required Halifax to monitor account activity or transactions that appear unusual or out of character and could indicate a risk of fraud. Where such concerns arise, I would expect the firm to take steps to protect its customer. This could involve issuing a clear warning during the payment process or contacting the customer to understand the circumstances behind the transaction.

With hindsight, we know Ms K was the victim of fraud. The questions I must consider are:

- (a) whether the risk should have been apparent to Halifax at the time, given the information available; and
- (b) whether any error on the bank's part was the cause of her losses.

In coming to a finding on (b), I have to take into account the relevant legal principles which require me to consider whether the loss would have occurred "*but for*" the bank's failings. In other words, I need to be satisfied that it is more likely than not that, had Halifax acted as it should have, Ms K would not have suffered the loss she is now complaining about. If the loss would have occurred in any event, regardless of the bank's conduct, then Halifax's failings cannot be said to be a "*but for*" cause of that loss.

At several points during the scam, Ms K made payments that carried a heightened fraud risk. I can see that Halifax did block some attempted payments and spoke to Ms K about what she was doing on several occasions. Unfortunately, its efforts were undermined by the fact that Ms K's responses weren't generally open and honest. For example, on 27 March she told a call handler, "*I need the transaction to go through to pay my builders...*" On 29 March, when asked, "*Has anyone specifically asked you to set up a [Business A] account to do this?*" she answered no.

The fraudsters had coached her on how to respond to any bank queries. Messages show that in July 2023, they advised her in the following terms:

*"If they ask if anyone is helping you, the answer is no, that you are doing it by yourself... If they ask what is this account, you can tell them it's an exchange and that you've been using them quite a while now... and also you can tell the banker that you made many withdrawals from there and that you know how to use it perfectly."*

Ms K's representatives have raised valid criticisms of Halifax's interventions. I agree they were not perfect. Some of her answers were confusing, and the bank relied too heavily on yes/no questions. However, even if the questioning had been more robust, I consider it more likely than not that Ms K would have continued to mislead the bank, given the fraudsters' coaching. I accept that coaching does not absolve the bank of responsibility, but it placed Halifax in a difficult position. I cannot see how any conversation or proportionate exploration of what Ms K was doing with her funds would've led to her disclosing the underlying reality.

I understand this will be a very disappointing finding. To be clear, I am not blaming Ms K for what happened. I can understand that she trusted someone she believed was giving genuine investment advice. However, I can only uphold her complaint if I am satisfied that the bank's mistake directly caused her loss and, for the reasons I've explained, I can't come to such a finding here.

#### *The final payment*

The final payment Ms K made in connection with this scam was the only one not credited to an account in her own name. Accordingly, it falls within the definition of an authorised push payment (APP) scam under the CRM Code. Halifax has offered to reimburse 50% of that

payment, relying on an exception within the CRM Code. In essence, this exception applies where the customer made the payment without a reasonable basis for believing they were dealing with a legitimate business.

I accept that Ms K genuinely believed she was dealing with a legitimate firm. However, I am not persuaded that her belief was reasonable. She ought to have been concerned when instructed to mislead the bank to ensure the payments were processed. Furthermore, the returns she believed she was earning were so substantial that they should have prompted her to question whether they were too good to be true. Taken together, these factors indicate that Ms K should have exercised far greater caution. On that basis, I think it's fair for Halifax to rely on this exception.

I don't say any of this to downplay that Ms K was the victim of a cruel and cynical scam. I have a great deal of sympathy for her and the position she's found herself in. Nonetheless, for the reasons I've explained above, I'm not persuaded I can fairly and reasonably ask the bank to refund her losses.

### **Final decision**

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 13 January 2026.

James Kimmitt  
**Ombudsman**