

The complaint

Mr S complains about the actions of Bank of Scotland plc trading as Halifax when he lost money to a scam.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

On 06 December 2023 Mr S saw an article online about investing and courses teaching him how to trade. The writer of the article said they had been through the process and had made money using the advertised merchant – I'll refer to here as B. Mr S made a £219 payment and was told that he would be contacted by a partner of B. Mr S then received a call from a third-party who said they worked for another merchant (who I'll refer to here as D) who partnered with B. Mr S was assisted with setting up accounts with D and with a genuine crypto exchange via screen sharing software. He then made a £499 payment by card to D and a £50 to the crypto exchange. He was then asked to open an account with an Electronic Money Institute (EMI) who I'll refer to here as R. Mr S made a variety of payments to R ranging from £7,000 up to £25,000. The account with R was then closed and Mr S was told to open an account with another EMI – I'll refer to here as W. Further payments were attempted to W but stopped by Halifax. Mr S was invited into branch and spoke to Halifax who then called the Police.

Mr S continued to make payments to W in early February 2024 before that account was also closed by W. Mr S was then instructed to make payments to an online merchant – I'll refer to here as G. He made three credit card payments under the instruction of D. Mr S continued to make payments to D via a payment service provider and a genuine crypto exchange in June and early July 2024.

Mr S realised he had been scammed when he wasn't able to withdraw his money from D's platform and was continually being asked to provide further funds. In total, he sent around £174,000 to D. So, he raised a claim with Halifax. Halifax reviewed the claim and said it wouldn't refund any of the scam payments here as it had attempted to intervene but hadn't been provided with accurate information in relation to why Mr S wanted to make his payments. Halifax did refund some interest on two of three loans Mr S took out to fund the scam and offered him £60 for the delay in reviewing his complaint.

Unhappy with that offer Mr S brought his complaint to the Financial Ombudsman. Our Investigator said the complaint should be upheld in part. He said that Halifax reasonably intervened over the phone and invited Mr S into branch by invoking the Banking Protocol. But following Police intervention Mr S still wanted to make the payments. Our Investigator said that Halifax had caused Mr S some distress when reviewing his complaint and when it invited him into the branch so that it should pay a further £225 on top of the £60 it had already offered.

Mr S disagreed and asked for an Ombudsman's review. In summary, he said that Halifax failed to show him an educational scam video when he visited the branch and that he felt

humiliated when it called the police and he felt like he was interrogated in the branch in front of other customers. He said because of Halifax's treatment of him, he no longer trusted the bank. He said he had been failed by Halifax because it failed in its duty to protect him and his money from scams.

I was allocated the complaint and didn't agree that it should be upheld. I explained to Mr S that although Halifax missed opportunities to intervene further – such as not spotting that there was an international warning about G on with the International Organization of Securities Commissions (IOSCO) but that this wouldn't have likely uncovered the scam. Nor did I think Halifax could reasonably recover Mr S's money via a chargeback and S.75 claim.

Mr S disagreed with me. In summary he said that it was presumptuous of me to base my decision on what was likely to happen had Halifax done what was expected of it (such as showing him a scam video and telling him why the Police had come to the branch) and that it's '*news to him*' that G was a company that treats drug addiction. He said that because Halifax didn't do everything it could've done to uncover the scam it should bear some responsibility for what happened and that because I don't know him personally, I can't know how he would've reacted in the branch or on the phone to Halifax.

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've reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Mr S has been the victim of a cruel scam. I know he feels strongly about this complaint, and this will come as a disappointment to him, so I'll explain why.

I've read and considered the whole file. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome.

Where the evidence is incomplete, inconclusive, or contradictory (as it is here), I have to make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

It is common ground that Mr S authorised the scam payments of around £174,000. I accept that these were authorised payments even though Mr S was the victim of a scam. So, although it wasn't his intention to pay money to the scammers, under the Payment Services Regulations 2017 (PSRs) and the terms of his account, Mr S is presumed liable for the loss in the first instance.

However, taking into account the law, regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Halifax to take additional steps or make additional checks before processing a payment in order to help protect customers from the possibility of financial harm from fraud.

Halifax's first obligation is to follow the instructions that Mr S provides. But if those instructions are sufficiently unusual or uncharacteristic for the account, I'd expect Halifax to intervene and to ask their customer more about the intended transaction before processing it. I'd also expect Halifax to provide suitable warnings about common scams to help their

customers make an informed decision as to whether to continue with the payment. There might also be cases where it's appropriate for Halifax to refuse to follow the instruction if there are good grounds to believe it is being made as a result of a fraud or scam.

Our investigator felt Halifax couldn't have reasonably done more to uncover this scam given the coaching Mr S was receiving from the scammers and his answers to Halifax when asked why he was making his payments. Mr S says the bank failed in its duty to protect him throughout the scam but especially when he was invited into branch by Halifax after it invoked the Banking Protocol on 31 January 2024.

I've seen that Halifax made a variety of interventions over the course of the scam. I don't think I need to reach a finding on whether those were reasonable points to intervene or if it should've provided further interventions because I'm not convinced it would've made a difference here. I'll explain why.

When Halifax spoke to Mr S about the payments he was making both before and after banking protocol was raised, he failed to provide accurate information to Halifax about why the payments were being sent to R.

On 02 January 2024 Mr S was asked to speak to Halifax when he tried to make a £20,000 payment to R. Halifax asked why he was making the money (confirming that it wasn't investment related) and Mr S said he was just moving his money. He then confirmed that no one had asked him to make the payment, and he wasn't under duress when making it which Mr S confirmed he wasn't.

On 10 January 2024 when Mr S sent £25,000 to R, Halifax made Mr S aware how important it was for him to tell the truth about the reasons for his payment because if it turns out to be a scam it won't be able to get his money back. He confirmed that no one had told him to move the money to R and no one had told him to lie to the bank about it. Mr S then told Halifax that it was good they were checking and it was a good thing to have in place.

Overall, Halifax didn't ask many probing questions on the two above calls. But even if it had pushed further, I don't think it would've made a difference given the coaching that was happening here, and the answers Mr S gave in the interventions later in the scam. That's because for me to find it fair and reasonable that Halifax should refund the payments to Mr S would require more than a finding that it should've done more to intervene when he made his payments. Crucially, I'd also need to find that but for that failure, the subsequent loss would've been avoided.

That latter element concerns causation. A proportionate intervention will not always result in the prevention of a payment. And if I find it more likely than not that proportionate intervention by Halifax wouldn't have revealed any of Mr S's payments were part of a fraud or scam, then I couldn't fairly hold it liable for not having prevented them from being made.

On 31 January 2024 a payment of £20 to W was stopped by Halifax. Mr S again provided inaccurate information and misled the bank as to why he was making the payment. Mr S said to the Halifax, when it asked why the account with R had been closed, that the account with R wasn't right for him, so he had opened an account with W because R were reversing his money. He said the payment of £20 was for home improvements (an extension) and it was his choice to use W to make the home improvements payments. Halifax told Mr S on the phone that it was suspicious of what he was telling it (about R and then opening an account with W) and that there may be some social engineering going on. Halifax asked Mr S why he was unhappy with R and Mr S said he was unhappy with the cashback offers and was happier with what W was offering. Halifax asked him why that was relevant to a house extension. Mr S said he didn't understand why Halifax was asking such questions and that

he was sourcing some of the materials for the extension from abroad so using W made sense. Halifax then told Mr S that it sees a lot of customers who are put under pressure to move money to another account in their name it sometimes isn't successful and then moved back to their original account. Halifax also queried why Mr S was sourcing the materials and not the builder and Mr S said he was purchasing a kit which can be put together for an outbuilding.

Halifax then invited him into branch and invoked the Banking Protocol. Whilst he was in the branch the police were called with Mr S confirming he spoke to the Police for over an hour. But the scam wasn't uncovered. Mr S then called Halifax to get his account unblocked later the same day where he mentions what happened in the branch. Halifax told him that it invoked Banking Protocol to make sure his money was safe.

Overall, I think Halifax asked reasonable questions during the intervention before it invoked Banking Protocol. And I'm satisfied that the coaching Mr S was receiving and the answers he provided meant that Halifax couldn't unreasonable uncover what was going on. Halifax was concerned enough that it invited Mr S to the branch and called the Police to come and speak to him. But after speaking to the Police for an hour the scam wasn't uncovered.

Mr S says he wasn't shown any scam videos in the branch and was unhappy with his treatment in the branch (which I will comment on further below). Mr S says that it was this treatment that made him distrust Halifax and therefore inhibited Halifax's ability to convince him he was being scammed. But – on balance – I don't agree. Mr S was happy to follow the scammers directions (after he was told not to trust the bank) throughout the scam – even to the point where he wasn't honest with the Police. So, I don't think this was just an issue that can be pinpointed on what happened in the branch that day. Nor do I think that a scam video would've made a difference. Mr S was being coached and appeared to have decided the banks interventions weren't in his best interests because of what the scammers had told him. Halifax asked him to be honest with them when responding to their questions, but he wasn't and it warned him that if the payments turned out to be a scam he may not get his money back.

There were further interventions by both R and W according to Mr S's testimony and the evidence he had provided with both of those accounts being shut down. I can see that W told Mr S clearly that it was closing his account because it thought it was likely he was being scammed. But if, as Mr S says, that he didn't trust Halifax's interventions after he visited the branch because of the way he was treated, I must consider that he was also happy to ignore security warnings from R and W and the fact his accounts were closed (in the case of W) because it thought he was being scammed. During the scam, he had been warned about scammers telling customers to lie to the bank, had spoken to the Police, had one of his crypto accounts closed on 5 January 2024, and then his accounts with R (30 January 2024) and W (04 February 2024) closed. So, I'm not persuaded that a scam video in the branch would've made a difference here.

Nor am I satisfied that more could've been done in a later conversation when Mr S was making payments to a genuine crypto exchange. Mr S was clear when being questioned by the bank that no one else was involved in his payment to the crypto exchange. Mr S confirmed no one had told him to lie to the bank about the reason for the payment and he was in control of the crypto account the money was being sent to. This persuades me that Mr S was still happy to mislead the bank when making a payment without admitting that there was a third-party involved in him making the payment despite asking him that fraudsters would coach people on what to say to the bank and if they do they are scammers.

Could Halifax have done more to uncover the scam when Mr S made credit card payments to G?

Mr S has said to this service that it's presumptuous to base my decision on what was likely to happen if Halifax had done everything that was reasonably expected of them because I don't know him. And that if Halifax could've reasonably had knowledge about G, which could've been passed on to him, then it's at fault. Instead, he said I should base my decision on the facts.

I've given the causation point very careful thought. Having done so, I don't agree that Halifax stopping the card payments and asking more thorough questions based upon it reasonably knowing about G's IOSCO warnings. That's because having reviewed the chat messages from around the time of the first two payments to G, it's clear Mr S was allowing the scammers to use screensharing software when making the payment and when it got stopped, he was told the following;

19/03/2024 Scammer; Reason of purchase : drug addiction

19/03/2024 Mr S: Fine, but what's the company? Can you send me a link to the website?

19/03/2024 Scammer: We'll talk when you get back...

The scammer was then telling him to make the payment to G and Mr S said the following;

"Okay, but who is it to? I need a company name.

And what if they try to ask me and transfer me to the fraud department? I just need some details to know what to say. They will be suspicious."

The scammer then provided the name of G in the chat and Mr S had a conversation with Halifax. In relation to Halifax's part here - I think the reason he had been given by the scammer would've seemed very strange to Halifax at the time. So, I think it's likely that the payment would've been stopped with some probing questions asked. However, although I think the payment could've been refused, I don't think I can reasonably say the scam would've been uncovered. That's because Mr S wasn't sending payments directly to D. And he was being heavily coached by the scammer who he appears to have built up a relationship of trust over the months they were communicating with each other. Mr S didn't disclose that he was being assisted by a third-party in his many conversations with Halifax over the phone or to the Police in the branch. So, I don't think he would've told Halifax that the reason he was making the payment to G was because he was being told to. And because his cover story given by the scammer wasn't related to investing, I think it's more likely than not Mr S would've said he had sourced the name of G online by completing his own research and that no one was telling him what to do here (based upon the detailed story Mr S provided to Halifax about his house extension). So, I think Halifax should've stopped the payment and told Mr S to go away and complete more research into who he was sending money to online. But, what's most likely to have happened, based upon what happened at the time according to the scam messages when Mr S encountered issues sending his money, he would've more likely than not returned to the scammer and found another way to send the money.

Neither was this the only time such coaching took place. In January 2024 there was clear coaching on how to send a payment from R to a crypto exchange;

04/01/2024, Scammer; Let me know what they're questions are. Will be here to assist.

04/01/2024, Mr S: They are asking why I opened my R... account and what is the purpose of my most recent payment to ...[Crypto exchange]

04/01/2024, Scammer: Investment in Crypto Currencies

04/01/2024, Mr S: They are asking How long have I been investing in Crypto?

04/01/2024, Scammer: For the last 3 months

04/01/2024, Mr S: Where do I plan to send the funds from the investment/crypto platform?
04/01/2024, Scammer: The funds are kept in my Kraken account, not sending them anywhere.

As a result, I'm satisfied I'm making a finding – on the balance of probabilities – and relying on the facts (the scam messages) when I say that I think Mr S would've told the scammer the payment to G had been refused and that he had been told there were warnings about sending money to G. That's because Mr S had no issue receiving the coaching from the scammer and not telling the truth to both Halifax and the Police here. So, I don't think it's more likely than not the scam would've been uncovered at this point. I think it's more likely than not that Mr S would've returned to the scammer about G and trusted any explanation he was provided with (G would purport to supply online trading courses which was what he initially thought he was doing with B and D) before looking for other avenues to make a payment to the scammers. Like Mr S did when his accounts with W and R were closed.

Nor do I find it persuasive that Mr S was possibly confused by the lack of intervention by one firm on some of the payments he made and what he has described as '*heavy handed, draconian approach of the Halifax*'. Because, as I've outlined above Mr S wasn't just providing inaccurate responses to Halifax – he also did it to R and ignored reasonable red flags from R and W when his accounts were closed.

Recovery

It wouldn't have been possible for Halifax to have recovered money from R and W here as both accounts were in Mr S' name and closed down early in the scam.

Chargeback and S.75

Like the Investigator, I don't think Halifax treated Mr S unfairly by not pursuing chargebacks or S.75 claims for the payments he made by debit and credit card.

The reasons the Investigator sent in their view are correct in relation to the card payments to the R, W and the crypto exchanges. And the credit card payments to G wouldn't have likely been accepted under a chargeback or S.75 claim.

Firstly, for a chargeback the first two payments to G were out of time. The third payment was in time. But because G were receiving money for what they most likely would've said was a service (based upon the receipts Mr S provided) the chargeback would've unlikely been successful.

For a S.75 claim to have been successful, Halifax would need to show that there was a business link between the scam merchants and G (beyond being told by the scammers to make a payment to G). The chances of a chargeback and S.75 would've increased if Mr S was making card payments directly to the scam merchants. But because this wasn't the case, I can't say that it was likely the payments would've been successfully claimed back by Halifax here.

Vulnerabilities

Mr S has raised vulnerabilities at the time of the scam, and I've reviewed his reasons as to why this made him more vulnerable to being scammed. But even though I can understand he had reasons for why he fell for the scam, I can't see that Halifax were aware of the vulnerabilities at the time of the payments. So, I can't ask it to consider the payments differently under circumstances it wasn't reasonably aware of. And because the payments were card payments and faster payments to accounts in his name they don't fall under the

Contingent Reimbursement Model (CRM) code or the new payments services rules definition of a vulnerable customer.

I note Mr S is unhappy with the intervention from Halifax in the branch and when the Police questioned him in front of other customers. He said this was unnecessary, embarrassing and he was treated like a criminal with his passport and driving licence taken by the Police. The Investigator felt that this should've been considered by Halifax when offering Mr S more compensation. Halifax had offered £60 for the way it handled the complaint but not his treatment in the branch. The Investigator asked Halifax to pay a further £225 – which it has agreed to. I think that's reasonable here. I appreciate Mr S don't agree and felt Halifax caused him distress and inconvenience that day. I can understand his reasons and agree the matter could've been handled more sensitively. But I think the additional amount reasonably reflects Halifax's errors and acceptance that it could've handled things differently and more professionally.

I've also considered that the actions it took that day were there to try and protect Mr S from scams. I understand Mr S doesn't agree and that he feels what happened that day contributed to him no longer trusting Halifax. But I can't hold Halifax wholly liable for the way the Police questioned him that day in front of the other customers. I think Halifax reasonably asked for the Police to become involved here and that's the sort of action I would expect it to take in the circumstances when it has suspicions that a customer may be the victim of a scam. And to be clear, I don't find it very persuasive that Mr S no longer trusted Halifax and was therefore more susceptible to the scam because of what happened in the branch, when he's confirmed that R also asked him security questions and whether there were any other third parties involved in the payments (and I note decided to close his account as well as W who said he was at high risk of being scammed).

I note Halifax decided that following a review it refunded interest and fees on the second and third loans Mr S took out to fund the scam. To be clear, if the loan hadn't been repaid already then that is the step I'd expect it to take. That's because I'm satisfied Mr S authorised the loan and agreed to the lending to fund the investment - which Halifax has said was affordable. So, it's likely that the scammers would've suggested other loan providers if Halifax decided not to lend to him. Halifax has said that the loans have now been repaid, so I think its decision to refund the interest and fees (with no detrimental effect on his credit file) is reasonable.

So, I'm not going to ask Halifax to pay any further compensation here beyond what it has agreed to do with the Investigator.

I appreciate this will come as a disappointment to Mr S, and I'm sorry to hear that he has been the victim of a cruel scam. As a result, 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 uphold this complaint in part. Bank of Scotland plc trading as Halifax should pay Mr S a further £225. I make no further award here.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 January 2026.

Mark Dobson
Ombudsman