

The complaint

Mrs J complains that Bank of Scotland plc trading as Halifax (“Halifax”) declined to reimburse funds she lost as a result of an alleged scam.

What happened

The background to this complaint is well known to both parties, so I won’t repeat it in detail here. But in summary, I understand it to be as follows.

Mrs J made two payments totalling £800 to purchase a sofa from a company (who will be further referred to as “Company A”).

Having received the sofa, Mrs J realised that it was different to the one she’d ordered and requested a refund from Company A. Despite her requests, Company A didn’t respond to Mrs J’s request for a refund. Fearing she’d been the victim of a scam, Mrs J contacted Halifax and requested they reimburse her funds.

Halifax looked into the matter but declined to reimburse Mrs J on the basis that this was a civil dispute between her and Company A. Unhappy with this response, Mrs J referred her complaint to our service.

An investigator looked into Mrs J’s complaint but didn’t uphold it as they weren’t persuaded that Halifax had acted unfairly in declining her complaint.

Mrs J disagreed with the investigator’s findings. In summary, Mrs J felt that Company A had set out to scam her and that she should be reimbursed. Mrs J also explained that she was vulnerable and should have her losses returned by Halifax.

As the complaint couldn’t be resolved by the investigator it has been passed to me for a decision.

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.

Mrs J has provided detailed submissions to our service in relation to this complaint. In keeping with our role as an informal dispute resolution service, I will focus here on the points I find to be material to the outcome of Mrs J’s complaint. This is not meant to be a discourtesy to Mrs J and I want to assure her I have carefully considered everything she has submitted.

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 at law is that a bank such as Halifax is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

Is Mrs J entitled to a refund under reimbursement rules?

From 7 October 2024, Payment Services Providers in the UK are bound by the Faster Payments Scheme (FPS) reimbursement rules. Under these rules, most victims of authorised push payment (APP) scams should be reimbursed.

To decide whether Halifax should refund Mrs J's payments, I've therefore considered whether this issue meets the reimbursement rules' definition of an APP scam.

The reimbursement rules define an APP scam in the following way:

"Where a person uses a fraudulent or dishonest act or course of conduct to manipulate, deceive or persuade a consumer into transferring funds from the consumer's relevant account to a relevant account not controlled by the consumer, where:

- The recipient is not who the consumer intended to pay, or*
- The payment is not for the purpose the consumer intended"*

The reimbursement rules also explain that private civil disputes are not covered. The rules define a private civil dispute as a *"dispute between a consumer and payee which is a private matter between them for resolution in the civil courts, rather than involving criminal fraud or dishonesty"*.

In order to reach my outcome on this complaint, I've considered the purpose for which Mrs J made, and Company A received, the payments. And, if there is a significant difference in these purposes, whether I can be satisfied that this difference was as a result of dishonest deception.

It's clear that Mrs J made the payments in order to purchase a sofa. So, I've gone on to consider what purpose Company A had in mind and whether that was in line with the purpose Mrs J made the payment.

I understand that Mrs J has stated that the incorrect model of sofa was delivered to her property, but I don't believe this demonstrates that Company A had no intention of supplying the correct sofa. I say this as it could be a genuine error on the part of Company A, and I've seen nothing to suggest that this was done deliberately.

I appreciate that Mrs J has supplied evidence of online reviews from other customers of Company A in order to show that they didn't have the intention of supplying the correct sofa and that they are, in fact, a fraudulent business. It's not uncommon for businesses to have issues with some orders and their operations, so these online reviews don't persuade me that Company A were not operating legitimately at the time of Mrs J's payments. I can see that Mrs J has had difficulty communicating with Company A once she was aware that the incorrect sofa was delivered. Whilst this could be considered poor business practice on behalf of Company A, I don't think it shows that they intentionally supplied an incorrect sofa to Mrs J at the time it was delivered.

Though Company A may have failed to supply the correct sofa and don't appear to have attempted to rectify the situation, I'm not persuaded this demonstrates that they didn't have

the intention of supplying the sofa Mrs J had ordered or that this wasn't a genuine error on their part.

Ultimately, Mrs J made payments to purchase a sofa. Based on what I've seen, this is the same purpose Company A had in mind at the time. I don't believe that Mrs J receiving an incorrect model or Company A's failure to rectify the situation demonstrates that they had set out to deliberately defraud her or that they are a fraudulent company. So, I'm not persuaded that Mrs J is entitled to a refund under the FPS reimbursement rules as I'm not persuaded that Mrs J has demonstrated she has been the victim of an APP scam.

I've every sympathy for Mrs J as it's clear that this situation has had a large impact on her. But, for the reasons stated above, I'm unable to say that Halifax has acted incorrectly in declining Mrs J's claim or that they should reimburse her funds under the FPS reimbursement rules.

Is there any other reason I could ask Halifax to refund Mrs J?

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. 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.

In this case, I don't think Halifax ought to have identified a potential risk of fraud or financial harm at the time she made the payment of £50 to Company A as I don't believe it stands out as unusual or suspicious when considering its value in comparison to the other activity on Mrs J's account.

Having listened to the call during which Halifax discussed the payment of £750 with Mrs J prior to releasing it, I don't think there was any information they obtained which suggested that she was at risk of fraud or financial harm. On that basis, I can't fairly say Halifax should've prevented Mrs J's loss at the time of this payment.

I appreciate that Mrs J has explained that she is vulnerable; but, as I'm not persuaded that her payments were as a result of an APP scam, I don't think Halifax are at fault by failing to take into consideration any potential vulnerabilities when considering her request for reimbursement.

Overall

Taking everything into account, I'm not persuaded that Mrs J has fallen victim to an APP scam, based on the evidence available. Following this, I'm not persuaded that her payments are covered by the APP scam reimbursement rules, or that Halifax were incorrect in declining her request for reimbursement.

I've no doubt that this will be extremely disappointing to Mrs J, given the impact this situation has had on her, but I'm unable to say that Halifax are liable to reimburse her funds.

My final decision

My final decision is that I do not 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 J to accept or reject my decision before 16 March 2026.

Billy Wyatt
Ombudsman