

The complaint

Mr W and Ms X complain that Bank of Scotland trading as Halifax won't refund the full amount of money they lost to a scam.

Although this money was lost from a joint account, Mr W was the one scammed, so I'll mostly be referring to him throughout this complaint.

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 and based on the submissions of both parties, I understand it to be as follows.

From July 2021, after meeting someone online, Mr W sent several payments to what he thought was a legitimate investment. When the trading platform Mr W thought he was investing in disappeared, Mr W realised he had been scammed. So, he contacted Halifax.

Halifax looked into the complaint but didn't uphold it. Halifax said it stopped multiple payments and gave Mr W warnings, but he made the payments anyway. It went on to say that Mr W wasn't covered under the Contingent Reimbursement Model (CRM) Code, as they were made to other accounts in his name.

Mr W remained unhappy, so he brought his complaint to our service.

Our investigator looked into the complaint but didn't uphold it. Our investigator found Halifax intervened on several payments and Mr W wasn't accurate with the answers he gave to the advisor's questions. On this basis our investigator didn't think Halifax could have done any more to prevent the scam.

As no informal resolution could be reached, the complaint has been passed to me to decide.

I issued a provisional decision on 21 October 2025.

This is what I said.

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 have decided to not uphold this complaint. I know this will be disappointing for Mr W and Ms X, so I'll explain why.

I'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focused on what I think is the significant part here. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to

do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I don't doubt Mr W and Ms X have been the victims of a scam here – they have lost a considerable sum of money and have my sympathy for this. However, just because a scam has occurred, it does not mean they are automatically entitled to recompense by Halifax. It would only be fair for me to tell Halifax to reimburse Mr W and Ms X for their loss (or a proportion of it) if: I thought Halifax reasonably ought to have prevented all (or some of) the payments Mr W made, or Halifax hindered the recovery of the payments Mr W made – whilst ultimately being satisfied that such an outcome was fair and reasonable for me to reach.

I've thought carefully about whether Halifax treated Mr W fairly and reasonably in its dealings with them, when they made the payments and when they reported the scam, or whether it should have done more than it did. Having done so, I've decided to not uphold Mr W and Ms X's complaint. I know this will come as a disappointment to them both and so I will explain below why I've reached the decision I have.

I have kept in mind that Mr W made the payments himself and the starting position is that Halifax should follow its customer's instructions. So, under the Payment Services Regulations 2017 (PSR 2017) he is presumed liable for the loss in the first instance. I appreciate that Mr W did not intend for his money to ultimately go to fraudsters – but he did authorise these payments to take place. However, there are some situations when a bank should have had a closer look at the wider circumstances surrounding a transaction before allowing it to be made.

Considering the 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 – Halifax should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.*
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which payment service providers are generally more familiar with than the average customer.*
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.*

So, I've thought about whether the transactions should have highlighted to Halifax that Mr W and Ms X might be at a heightened risk of financial harm due to fraud or a scam.

Having considered the value of payment one and where it was going, I'm satisfied that it looked out of character for Mr W's and Ms X's account behaviour, and Halifax ought to have been concerned that they could have been at risk of financial harm. Here I would have expected Halifax to intervene and speak to either of them to discuss the payment further and establish where it was going to and the surrounding circumstances.

Here Halifax did intervene on payments Mr W sent from another account. Halifax flagged and spoke to Mr W when he made his first payment to the scammer. Having reviewed the conversation including the questions the Halifax advisors asked, they were proportionate to

the value of the payments and the identifiable risk at the time.

It's also clear from the calls Mr W had with the Halifax advisors that he wasn't entirely accurate with his responses. Mr W starts off evasive to the questions being asked, then misleads the advisors about where he found out about the investment opportunity, who was guiding him and his plans to invest more money. Although the advisors still gave Mr W general crypto scam warnings, it did hinder their ability to uncover the scam.

Mr W's representative has said that the questions weren't tailored, and warnings should have been targeted towards general investments rather than crypto scams. I've thought about this point carefully, but it doesn't change the outcome I've reached. I'm of the view that the questions were targeted towards the scam Mr W was falling victim to, and they were based on the information Halifax had available to it.

The payments were going to a known cryptocurrency provider and Mr W didn't volunteer or answer any of the questions to suggest he was going anything other than investing in cryptocurrency. So, the questions asked, were relevant to the transactions Mr W was making.

Although an argument can be made for Halifax intervening again, due the value of the payments sent, I've thought about whether any further warnings and intervention would have made any difference to uncovering the scam had they happened on later payments. Having seen the transcript with the scammer from the point the payments were made, I'm not convinced anything changed or developed with the scam that would of lead to Mr W having any doubts about its legitimacy or been more open with the bank. If anything, Mr W appears to be more trusting of the scammer as it goes on, and towards the end of the scam, Mr W enlists a solicitor for advice of how to withdraw his money and speaks to friends about loaning more money to send. This evidence shows me how far Mr W was under the scammers spell at this point, and I'm not convinced any intervention by the bank was likely to have broken it.

Mr W also checks the company online, and on 02 October 2021, Mr W has only found reviews complaining about customer services issues, and none about scams or frozen accounts. Mr W's lawyer friend also tells him he thinks the issue of the frozen account is due to liquidity issues. So, at this point, Mr W still doesn't suspect he has been scammed and hasn't found any negative information that would change his mind.

Even if I were to be convinced the bank ought to have prevented the payments from being made, I think its most likely Mr W would have gone on to make the payments from accounts elsewhere. Mr W was moving substantial amounts of money through different accounts he held with Halifax, some of which were not set up for everyday spending or transactions, and this shows the determination he had to make the payments.

Mr W's representative has said that banking protocol should have been put in place. Having considered the answers Mr W was giving to the questions the advisors were asking, I'm not convinced that this was needed at the time. Mr W was reassuring the advisors that he was comfortable with that he was investing in, and having listened to the calls, I'm not convinced banking protocol was something the advisors needed to have considered.

Recovery

In relation to the payments Mr W made, it's important to note he didn't instruct Halifax to send the money directly to the scammers. Mr W completed transfers directly to his own account within the cryptocurrency exchange. These funds were then sent on to a wallet address provided by the scammers. Halifax would only ever have been able to attempt to

recover the funds from the wallets where they were originally sent, which were still in Mr W's control. If these funds had not already been transferred to the scammers, they would be in Mr W's control to access as and when he chose. Therefore, I won't be asking Halifax to do anything further.

The Contingent Reimbursement Model Code

Although Halifax has signed up to the Contingent Reimbursement Model Code, the transfers Mr W made from his Halifax account aren't covered by the Code because he made the payments from his account to his other accounts and not to another person. I cannot fairly and reasonably say that Halifax should have to refund payments under the Code when it doesn't apply here.

I understand that this will have been frustrating for them. But I've thought carefully about everything that has happened, and with all the circumstances of this complaint in mind I don't think Halifax needs to pay Mr W and Ms X any compensation. I realise this means they are out of pocket and I'm sorry they lost this money. However, for the reasons I've explained, I don't think I can reasonably uphold this complaint.

Halifax didn't respond by the deadline.

In summary Mr W via his representative said.

- Banking protocol should have been enacted.
- Halifax did not intervene effectively, as the questions and warnings were generic.
- Although Mr W gave inaccurate responses to the questions asked by Halifax, he thought they were accurate at the time. He didn't intentionally lie or was evasive.
- More should have been done to protect Mr W.

As Mr W didn't agree with my provisional decision, the complaint has been passed back 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.

Having considered the additional points Mr W has raised, as well as the information sent previously, I'm not upholding this complaint. I'll explain why.

Mr W's representative has said banking protocol should have been actioned. I explained in my provisional decision why I'm satisfied this wasn't needed at the time and Mr W hasn't sent anything that has changed my view on this. So, I won't cover off this point again.

I also explained in detail in my provisional decision why I found the questions asked by the Halifax advisors were relative to the answers Mr W was giving and the identifiable risk at the time. I'm satisfied that they were proportionate and tailored to what Halifax knew of the payments when they were being made. The advisor also went through some of the common features of cryptocurrency scams, but this didn't stop Mr W from making the payments or being more forthcoming with the information he was giving the advisor.

Mr W's representative has said that Mr W did not intentionally give inaccurate answers. I've thought about this point carefully but it doesn't change the outcome I've reached. Mr W did not give accurate responses and this hindered Halifax's ability to uncover the scam.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Ms X to accept or reject my decision before 3 December 2025.

Tom Wagstaff
Ombudsman