

## **The complaint**

Mr J complains that Bank of Scotland Plc, trading as Halifax, won't reimburse funds he says he lost to an investment fraud.

## **What happened**

As the circumstances of this complaint are well known to both parties, I have summarised them briefly below.

In or around June 2019, Mr J came across an investment opportunity via a broker he'd found online. The investment involved the purchase of a two-year bond from a business I will refer to as N. Mr J was promised yearly returns on his investment.

On 17 June 2019, Mr J paid £10,000 from his Halifax account to an intermediary business for the purchase of those bonds.

Mr J did receive returns on his investment until 2020. But returns ceased from that point and N eventually entered into administration.

Mr J concluded that he'd been the victim of an investment fraud, so he reported the matter to Halifax, asking it to recover or reimburse his losses. But after investigating Mr J's concerns, Halifax found that Mr J hadn't likely been the victim of fraud. In summary, it concluded Mr J had unfortunately lost his money to a legitimate investment that had failed. It therefore found it had no liability to recover or reimburse his loss.

Mr J remained unhappy, so he referred his complaint to our service for an independent review. An Investigator considered the evidence provided by both parties, but agreed with Halifax's position that Mr J had, more likely than not, lost his funds to a legitimate investment that had failed.

Mr J disagreed with that assessment, so the matter has now been passed 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.

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 have been good industry practice at the time.

There is no dispute here that Mr J authorised the transaction in question. And the starting position in law is that he will be held liable for the transaction authorised in the first instance. That is due to Halifax's primary obligation to process payments in line with its customer's instructions, as set out in the Payment Services Regulations 2017.

However, Halifax was a signatory to the Lending Standards Board's Contingent Reimbursement Model (the CRM Code) at the time the payments were made. Under that Code, firms are expected to reimburse customers who fall victim to fraud, subject to a number of conditions and exceptions.

However, the CRM Code is only relevant if I'm persuaded Mr J was a victim of fraud. The Code specifically doesn't cover certain types of disputes. It says:

*"This Code does not apply to...private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier".*

Likewise, even had the payment not fallen within the scope of the CRM Code, Halifax has no liability to reimburse Mr J his loss from a bank transfer where the matter is deemed a civil dispute, such as where he paid toward a legitimate investment that has failed.

From the information provided so far by Mr J, I'm not persuaded he has been a victim of fraud. I'll explain why.

In order for me to be satisfied Mr J has been the victim of fraud here, I would need to see persuasive evidence that N, or the intermediary Mr J paid, misrepresented itself to the extent that it intended to steal Mr J's funds from the outset by deception.

The only evidence in this matter I have seen so far that would support Mr J's assertions are numerous online reviews by understandably disgruntled investors, claiming that they have had their funds stolen as part of the same investment scheme. However, while I don't doubt many investors find themselves in a similar situation to Mr J, that is not enough in isolation to demonstrate the investment scheme was a fraudulent one.

I have seen no persuasive evidence that N, or the intermediary Mr J paid, were deceiving investors in order to misappropriate the funds they'd invested. Both are, or were, registered businesses in the UK; the intermediary business being authorised and regulated by the Financial Conduct Authority at the time the payment was made.

There has also been no evidence in the winding up of any of the businesses involved that allegations of fraud have been made or suggested by the Liquidators. Nor any law enforcement investigation instigated against either.

Since the collapse of N, the intermediary business has remained in contact with Mr J and has even formally responded to his complaints, providing him the opportunity to refer the matter to our service for an independent review.

I am sorry to disappoint Mr J, but I am unable to rule out the possibility here that he has paid toward a legitimate investment that has unfortunately failed. To the contrary, the evidence strongly supports in this case that that is the most likely scenario based on the limited information our service can obtain and consider. However, should new evidence come to light in the future that supports Mr J's assertions, then he can present that new evidence to Halifax for further review.

Overall, the evidence in this case strongly supports that Mr J has unfortunately lost money to a legitimate investment that has failed. Halifax therefore has no liability in reimbursing his losses or recovering his funds.

### **My final decision**

For the reasons I have given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 5 January 2026.

Stephen Westlake  
**Ombudsman**