

The complaint

Mr H complains Bank of Scotland plc trading as Halifax won't refund the funds he says he lost due to a scam.

What happened

I issued my provisional decision on this complaint on 31 October 2025. I wanted to give both sides a chance to provide any further evidence and arguments before I issued my final decision. That provisional decision forms part of this final decision and is copied below.

The background to this complaint is well-known to both parties, so I won't repeat it in detail here. Mr H says he fell victim to an investment scam after investing £40,000, between September 2022 and January 2023, into what he believed to be a legitimate trading platform. He came across the investment after seeing an advertisement online that had a celebrity endorsement and believed it would help him create a reliable income. He first used the demo trading account before being called by the alleged scammers to strongly suggest he move over to the live environment platform. He says he only proceeded to create the account because he believed he was applying to a UK based entity - only discovering later this was not so and suggests this was to ensure he had less regulatory protection.

Mr H confirms he did withdraw funds totalling £1,977.81 which reassured him of the platform's legitimacy. He now believes the investment company was portraying itself as legitimate but engaging in deceptive, coercive and fraudulent behaviour and the withdrawals were fake profits. He says he reached this conclusion when he lost all but circa £2 of his investment. It was at this point he came to the belief he had been scammed.

Mr H now holds Halifax liable for a proportion of his losses, whilst accepting he was also contributorily negligent, and is seeking for it to compensate him. He has confirmed another financial institution was able to refund him some of his funds after it raised a chargeback on his behalf.

Halifax looked into Mr H's complaint but didn't uphold it because it did not find it to be a scam (therefore more a civil dispute). It also highlighted it did intervene, with a telephone call, in which it asked Mr H what the payment was for. As he confirmed it was to his own trading account he had very recently opened, for personal investments, it permitted the payment to be made.

Unhappy with Halifax's outcome, Mr H referred the complaint to us. Amongst other points, Mr H has informed us of the following:

- The firm he invested in appeared legitimate on the surface but was engaged with fraud-like practices at the time he made the payments. This included high-pressure sales tactics, deceptive conduct, manipulation of trading activity and pressure to cancel disputes through coercive calls.*
- His report highlights the investment firm's practices resulted in his account being drained more rapidly by accelerating it towards a margin call and an eventual total automatic selling and closing of the investment. This margin call created pressure on*

him to deposit further funds, to avoid it closing. He states his findings indicate deliberate manipulation, rather than random market movements. This, alongside the various internet links showing class action lawsuits against the investment company, should be enough to evidence a reasonable belief he was scammed.

- We should issue an outcome on what is known now, rather than in light of the facts as they were in the past. The warning the Financial Conduct Authority (“FCA”) has published is retrospective evidence that supports his allegations that the firm he invested with was conducting suspicious activity – even if that wasn’t clear from his transactions at the time.
- At the time, he believed he understood what he was doing and did not know he was vulnerable. However, in hindsight his judgment was severely impaired. He was taking medication prescribed by medical professionals which impacted his ability to assess risks and make sound financial decisions. Although he accepts he did not inform Halifax of his vulnerabilities as he did not previously know he could do so.
- Halifax missed clear warning signs that he was falling victim to a scam and should have intervened. His own analysis, supplied via a report, highlights this.
- As part of this intervention Halifax should have enquired about his medical/health status and whether he was taking medication. He thinks it should have done so in line with regulatory expectations to uncover potential vulnerabilities.
- We have upheld other cases where financial institutions did not uncover the vulnerability of an account holder.
- Halifax ignored his representative’s letter which said all contact should go via them. It tried to contact him directly, disregarding his fragile medical condition at the time which made it impossible to engage with them. He said he felt as though Halifax had no regard for the challenges he was facing. Although he appreciates it was trying to investigate matters.

Our Investigator reviewed the complaint and did not uphold it because she thought the evidence showed this was a civil dispute. She also did not think there were failings in Halifax’s service which would warrant a distress and inconvenience payment. Mr H disagreed and requested a decision.

As the complaint could not be resolved informally between the parties it has been passed to me to issue a decision.

What I’ve provisionally 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 have decided to not uphold this complaint. I know this will be disappointing for Mr H, 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 heart of the matter here. If there’s something I’ve not mentioned, it isn’t because I’ve ignored it. I’m also 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. However, as part of my considerations is the evidence which has come to light at a later stage which may show a scam has occurred.

I am sorry to learn of Mr H’s loss of funds and about the very vulnerable situation he has explained he was in when investing his funds (due to the sensitive nature of his health

conditions I will not draft them all within my decision). However, it would only be fair for me to tell Halifax to reimburse him for his loss (or a proportion of it) if: I thought it reasonably ought to have prevented all (or some of) the payments he made, or it hindered the recovery of the payments made – whilst ultimately being satisfied that such an outcome was fair and reasonable for me to reach. I've considered all applicable law, caselaw, regulations, good industry practice, etc whilst doing so.

I have kept in mind that Mr H 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 H did not intend for his money to ultimately go to an alleged fraud or scam, but he did authorise these payments to take place.

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. Banks have various and long-standing obligations to be alert to fraud and scams and to act in their customers' best interests. 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 make 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.

These obligations are predicated on there having been fraud or a scam. So, I would first need to determine whether there is sufficient evidence to show a complainant has been the victim of fraud – rather than it being a civil dispute between parties. This means I'd have to be satisfied that the alleged scammer set out to deceive Mr H and had no intention of providing genuine services. As part of this I have considered all available evidence, including that evidence which only came to light later in the process such as any Financial Conduct Authority (FCA) warnings. I will note that I agree with Mr H that fraud does not require a company to be unregistered, or a clone.

Considering all the evidence that has been supplied to me, I'm not persuaded, on balance, that I can find the investment firm did set out to defraud Mr H of his funds. Although I've noted his strong disagreement with this, it seems more likely he invested with a legitimate entity offering a genuine investment platform. Disputes as to whether the charging structure is unfairly weighted against investors is not in itself a clear indicator of fraud, or a scam. Such an argument would more be in relation to whether a regulatory failure has occurred.

Arguably, Mr H appears to have initially made a profit, which he withdrew, whilst this same structure was in place – suggesting the funds deposited were used for the service he expected. I've not seen sufficient tangible evidence to suggest these were fake profits as Mr H argues. It seems Mr H was unable to withdraw at the point his account was updated to reflect its actual account balance, circa £2. Not every investment will be successful and each

carries an element of risk. For completeness, I'll also add that not every investment that has a celebrity endorsement is a scam.

I've kept in mind the platform Mr H invested is still available for use and the firm is regulated by the Seychelles Financial Services Authority (FSA). I'll note here that being regulated by any regulator is rare for investment scams. Similarly, it outlines the risks of investing on its website which is not something a scammer would usually highlight. It's almost certainly because of the regulatory expectations placed upon the platform, which they are therefore highly likely to be following, which generally outline that they must highlight the potential risk to retail investors. Although I cannot see the website as it appeared in 2024, I have seen some records of how it looked many years prior which did also feature some warnings.

However, this doesn't mean the investment firm has not breached any wider regulations. Whether it has, or not, is not one for me to consider in this complaint against Halifax. Mr H has already taken the action he thinks is applicable by contacting the FCA. It may well be in response to this that it added a warning in 2024. Conducting regulated activities, without having FCA authorisation to do so, does not automatically mean a firm is also committing fraud or a scam. FCA warnings in such situations are to ensure potential investors are aware of what may happen. I appreciate Mr H's concerns about the conduct of the investment firm, and as he has highlighted within his report, internet links and wider evidence including his testimony, it may well be that his concerns are well founded. However, a lot of this evidence is more circumstantial, as are the online review websites highlighted by our Investigator, when it comes to deciding if fraud has occurred.

I'll add that whether Mr H lost funds due to a scam or fraud does not change the overall outcome of this complaint. So, for completeness, I've considered whether the transactions should have highlighted to Halifax that Mr H might be at a heightened risk of financial harm due to fraud or a scam.

In 2022 the expectations of interventions and what should have occurred during them was not the same as it is now. Due to the size of the payments Mr H was attempting from the outset, I would have expected an intervention. I've noted that Halifax did stop his initial transaction and required him to speak with an advisor before allowing any payment to be made. I don't find it unusual that the intervention seems to have consisted of Halifax confirming it was Mr H completing the transaction and satisfying itself the payment wasn't going anywhere particularly suspicious. Mr H has confirmed within his testimony that from the outside the platform he was engaging with appeared legitimate. There were no wider warnings or anything else I could find that would have sufficiently shown there was anything for Halifax to have been concerned with at the time. The FCA warning, as Mr H has also highlighted, was not added until 2024. I would not have expected Halifax to do the detailed analysis Mr H has spent his time completing before allowing him to send his funds. There would have had to have been reasonable grounds for Halifax to prevent Mr H's authorised transactions occurring in line with his request – which is based upon the information at that point and not the information available now.

Halifax could have given Mr H general fraud and scam advice in relation to investing. However, I do not think I can fairly say it would have been able to give Mr H any information that would have led him to doubt what he believed he already knew about what he was doing, including if he'd undertaken further reasonable research at the time. So, even if Mr H had been questioned in more detail about the platform, I do not think it would have highlighted anything that would have caused concern - or led Halifax to believe Mr H was at risk of financial harm from a fraud or scam. Additionally, he had already spent time using the practice platform, I assume to some level of success or he would have unlikely wanted to invest such amounts of real money, which Mr H would have factored into his consideration.

As Mr H states, the platform at that time would have seemed a legitimate one - even if it later turned out to be a scam.

Ultimately, I'm not aware of any information Halifax could or should have known at the time from which it ought to have been concerned Mr H was being scammed. It would not have been reasonable to expect Halifax to conduct the level of research Mr H has conducted for his own report, or prevented him completing his transactions without sufficient reason to do so. So, I do not think it should have stopped, or delayed, his payments.

Similarly, I'm not persuaded, even had further interventions occurred, that they would have stopped Mr H proceeding. Even if I considered the level of intervention that should have occurred was further human intervention as the alleged scam progressed, I'm persuaded Mr H would have been able to alleviate any concerns Halifax had. The answers Mr H would have most likely given, which would no doubt have been open and honest, were that he had access to his account, he was making a profit and had successfully withdrawn funds. I've also not been supplied with any evidence the profits being suggested were too good to be true. This, alongside the lack of negative information at the time, or any other wider red flags, would not have been consistent with a scam. So, I'm not persuaded Halifax would have considered Mr H potentially being at harm as there was no clear pattern of suspicious or unusual payments.

I have considered the vulnerabilities Mr H has explained he had at the time of the payment. I do not doubt the circumstances he has shared to be accurate and so I do not require any additional medical evidence of them. However, Mr H said he did not inform Halifax of these vulnerabilities at that time - as he says he was unaware he could do so. He is correct that the regulatory expectation is for financial institutions to be aware that all account holders are at risk of becoming vulnerable. This does not mean, as Mr H suggests should have occurred, in isolation of anything indicating a vulnerability, that he should have been questioned as to his current wellbeing - including whether he was taking medication. What I have kept in mind is that Mr H states he was not aware he was vulnerable and believed he knew what he was doing. Mr H being of such a mindset, with no clear indicators as to the contrary becoming apparent, would have made it challenging for Halifax to have ascertained he had any vulnerabilities. This is evidenced in the telephone conversation Mr H had with Halifax. From listening to this telephone call it was not readily apparent that Mr H had any vulnerabilities. Nor do I think it was apparent that his decision-making abilities could be impaired by any medication, or wider health issues. Therefore, on balance, I do not think Halifax should have completed anything differently in this call and am not persuaded it could have uncovered Mr H's vulnerabilities.

I've noted Mr H has referenced decisions that he believes are close to his circumstances. However, we consider each case on its own individual merits and although he believes the circumstances of other decisions seem to be similar, there are key differences. This is not necessarily apparent without seeing the full details found within the file, which are not publicly visible.

Recovery

Due to the time that has elapsed between the transactions and Mr H raising the scam allegations with Halifax, I do not think there was anything it could have attempted that would likely have successfully recovered his lost funds.

The Contingent Reimbursement Model Code

Although Halifax has signed up to the Contingent Reimbursement Model Code, the payments Mr H made from his account aren't covered by the Code because he made the

payments using a debit card. Similarly, faster payments would need to be made to another person, not Mr H's own account in his own name. I cannot fairly and reasonably say that Halifax should have to refund payments under the Code when it doesn't apply here.

Complaint handling failings

I've no reason to doubt Mr H's testimony that Halifax attempted to contact him directly, rather than his representative. I think his assumption is correct that they most likely did so whilst attempting to investigate the fraud and scam concerns raised. It's not unusual that a financial institution may choose, especially if they consider there could be discrepancies in a submitted complaint, to want to seek clarification from their own customer.

However, as complaint handling is not a regulated activity I cannot reach a finding in relation to how Halifax handled Mr H's complaint as it is outside of our remit to do so.

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.

Halifax responded only to confirm it had nothing further to add. Mr H did respond with some points for me to consider further.

I've considered Mr H's further comments to decide whether or not I should depart from my provisional decision. However, having done so, I'm not persuaded there is a compelling basis for me to do so.

I will not include all the details Mr H has supplied me with, but all have been considered as part of this decision. My additional points below should be considered in conjunction with my provisional decision and I may choose not to repeat anything already covered above. Briefly, and in my own words, Mr H responded with the following points:

- There were inconsistencies within my decision e.g. conditioning Halifax's duties on a finding of fraud, yet later saying regardless of whether there was fraud, it does not change the outcome.
- I should consider the adoption of a consistent test: judge Halifax's actions on foreseeable risk from the payment pattern and context at the time, in line with PRIN 2/PRIN 6 and FG21/1.
- That a brand new/otherwise inactive account with no other transactions made on it, that received and then sent funds to an offshore trading platform should be considered unusual activity. Therefore, a warning should have triggered proportionate steps, such as enhanced questioning or a written follow-up (for his family to see). He considers these proportionate steps where a vulnerability may be present, isn't sufficient to be a vulnerability assessment.
- I have speculated as to what he would have done which is unfair and inconsistent with a fair and reasonable evidence-based test. My findings should only be based upon what Halifax knew and recorded at the time.
- A profit withdrawal months after Halifax's call shouldn't justify its earlier checks.
- His lack of proof of too good to be true profits, because of no surviving adverts or call recordings doesn't mean they didn't happen.
- Whether his prescribed psychotropic medication could impair decision-making or not is a clinical question and not something an Ombudsman can determine. The decision reaches a definitive conclusion without medical input, and after indicating no further medical evidence was required. He can provide a psychiatrist or pharmacist

statement confirming the combination taken can impair cognition, judgement, and executive function and has offered to do so several times. A brief call cannot safely carry this conclusion. (Mr H has included some examples of the impact his vulnerabilities were having on him prior to making these payments, however due to their sensitive nature I will not include them within my decision).

- I should withdraw the non-medical conclusion that impairment was “not apparent”, to instead consider clinical evidence as required and assess whether proportionate steps (enhanced questions/hold/written warning) would more likely than not have prevented at least some loss - the partial, proportionate redress he seeks.
- His analysis does not concern fees, but evidences conduct - asymmetric, accelerated depletion of margin when prices moved against him, which hastened margin calls and pressured further deposits. That pattern is consistent with manipulative execution designed to induce loss and top-ups and it aligns with other conduct he says he evidenced. As my decision consistently refers to Halifax’s intervention relies on their being fraud, I should take note of his evidence of manipulation.
- He wants to ensure it’s clear he isn’t suggesting Halifax should have uncovered a concealed execution bias of the merchant – he highlights the manipulation to reach the fraud/scam threshold I’ve suggested within my decision. The unusual account activity, with a potential vulnerability, combined with the evidence indicating fraud/a scam reinforces the argument that there should have been a proportionate intervention (in line with FCA expectations).
- Being regulated and displaying risk warnings are common ‘legitimacy theatre’ and should be weighted against the later FCA warning, the manipulation evidence and coercive dispute calls which are not typical of a bona fide service provider.
- My finding that Halifax wouldn’t have prevented him proceeding is conjecture and he believes warnings can change behaviour (as is evidenced elsewhere online).
- I should consider the complaint handling failure, where he was contacted twice compared with his appointed representative, as ancillary to Halifax’s wider regulatory duties.
- We cannot know what triggered the FCA warning to be added. As there is a warning it should be weighted appropriately.
- He also reaffirms he is seeking a partial reimbursement for Halifax’s failing to proportionately intervene.

I am sorry if any aspect of my provisional decision did not seem clear – especially in relation to the civil dispute / fraud points. I was seeking to highlight that whether I considered this a civil dispute, or that there was sufficient evidence of fraud, that the decision would be the same. I will also highlight that our approach is a fair and reasonable one – which will mean I make reasonable assumptions based upon all information supplied by both parties. This includes considering what I am persuaded would *most likely* have happened. It is of course impossible to know exactly what would have occurred at the time had different actions been taken by both parties.

In relation to Mr H’s points about proportionate interventions and the foreseeable risks of making payments, I agreed that I would have expected an intervention to occur. Considering that from the outset Halifax did intervene with a human intervention, I must then consider whether it was proportionate to the risk (if any) presented. As all parties agree, there were no FCA (or similar) warnings available at the time of Mr H’s payments. So, although I have taken note of the warning now being present, as Mr H also highlights, I must consider what was readily available at the time of the payments and reach a decision based upon that – whilst of course using a fair and reasonable approach to make reasonable assumptions.

Although I think there was enough potential risk present for Halifax to intervene from the outset (which it did), I do not think there was sufficient risk that it should have stopped Mr H’s

payment completely. There were no sufficient wider red flags present which I think would have meant it reasonably should have done so. Therefore, although it may well have been useful for Mr H / his family to have a written warning, it would not have been a reasonable expectation considering what Halifax would have been aware of at the time. I agree the subsequent profit withdrawals are not applicable to the initial payment intervention as the parties would not have been aware of them at that point.

I have not requested any medical evidence from Mr H because I do not doubt his testimony in relation to his vulnerabilities. I am truly very sorry to hear about the vulnerable situation he was in at the time of making these payments and the impact he explains it had (especially with the examples he shared). As Mr H highlights, and I referenced with my provisional decision, there is an expectation for Halifax to be aware that an account holder could become vulnerable. But, this does not mean in isolation of anything to suggest someone may be vulnerable, that an account holder should be questioned as to their current health.

Just as I did whilst listening to the call, I would have expected Halifax's agents to have been aware of anything that could reasonably suggest he was vulnerable. Depositing funds, or sending large payments, or a combination of both, is not indicative of a vulnerability. Arguably many, if not the majority of the transactions where such account activity occurs is not linked with them being made because of a vulnerability – or because an account holder's decision-making abilities are impaired. Nor does it automatically mean fraud or a scam is occurring. If there were readily apparent signs of a vulnerability I would agree with Mr H that Halifax's call was not sufficient. However, in this instance I'm not persuaded that Halifax ought to have ascertained Mr H was vulnerable – especially when considering Mr H himself did not realise he was. My role does allow me to reach such a reasonable conclusion – as without doing so I would not be able to reach a decision on cases such as this.

I've noted Mr H highlights the depths his analysis goes into to highlight the fraud he says is taking place. I've similarly noted he uses this to highlight why he argues fraud occurred, but wouldn't have expected Halifax to ascertain this from the outset. However, even if I did accept that fraud had occurred, if Halifax could not have identified it, which I do not think it could have done during any intervention, Mr H would still have found himself in the same position – ultimately not being prevented from making the payments. Additionally, as there was nothing to suggest at the time of the Mr H's other payments that the firm was anything but genuine, I'm not persuaded Halifax could have highlighted anything to him to suggest otherwise.

I agree with Mr H that being regulated, or including investment warnings, does not mean every firm will be genuine. However, it's less likely scammers would decide to satisfy such additional steps compared with genuine firms. I also accept it's possible Mr H was offered an investment opportunity with high-returns that could be perceived as too good to be true. But this too doesn't necessarily mean it was a scam, or that fraud was occurring. There are some investments which are genuine but high-risk, which can generate higher returns. But, with them does come the high-risk of funds being lost. It may well be Mr H had such a high-risk investment considering how he appears to have been making a profit, to unfortunately rapidly losing his funds.

Although I appreciate Mr H is seeking for me to comment on Halifax's complaint handling, in this instance Mr H's complaint point is too far removed from a regulated activity. This means it would not be within my remit to comment on this. Although, I am sorry to hear about the impact Halifax contacting him rather than his representative had on him.

Consequently, there is no reasonable basis I could make an award to Mr H as I do not think Halifax has acted unfairly here.

My final decision

My final decision is 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 Mr H to accept or reject my decision before 28 January 2026.

Lawrence Keath
Ombudsman