

## The complaint

Ms M is being represented by a claims manager. She's complaining about Bank of Scotland plc trading as Halifax because it declined to refund money she lost as a result of fraud.

## What happened

Sadly, Ms M fell victim to a cruel investment scam. After responding to an advert on social media offering attractive investment returns, she was persuaded to send money to a fake investment scheme. To fund this she made the following payments from her Halifax account to another account in her own name with an Electronic Money Institution (EMI), from where she transferred the money to the scammers:

No.	Date	Amount £
1	10 Mar 2025	4,995
2	13 Mar 2025	14,000
3	14 Mar 2025	5,000
4	28 Mar 2025	5,000
5	1 Apr 2025	6,000

Our investigator didn't recommend the complaint be upheld. They noted that Halifax spoke to Ms M about payment 2 but that she didn't give accurate information about its purpose. Based on the information she provided, they were satisfied this intervention was appropriate.

Ms M didn't accept the investigator's assessment and her representative made the following key points:

- Halifax's intervention was ineffective because its agents failed to ask sufficiently open, probing questions or to scrutinise Ms M's responses. If they'd done so, the scam would have been uncovered.
- There's no evidence Ms M was coached by the scammers or given a cover story to tell the bank.
- Halifax provided no warnings about investment scams.
- The bank failed in its responsibilities under the Financial Conduct Authority's (FCA's) Consumer Duty to protect Ms M from foreseeable harm.

The complaint has now been referred to me for review.

## 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 overall conclusions as the investigator. I haven't necessarily commented on every single point raised but concentrated instead on the issues I

believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

There's no dispute that Ms M authorised these payments. In broad terms, the starting position at law is that a bank is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Halifax also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Halifax acted fairly and reasonably in its dealings with Ms M.

### *The payments*

I must take into account that many similar payment instructions Halifax receives will be entirely legitimate and I also need to consider its responsibility to make payments promptly.

Having considered what Halifax knew about payment 1 at the time, I'm not persuaded it ought to have been particularly concerned. While the amount was relatively large, the payment was going to another account in her own name with a regulated EMI and at this stage I don't think a pattern of multiple, rapid and increasing payments consistent with many types of scam had begun to emerge. So I don't think there were sufficient grounds for Halifax to think Ms M was at risk of harm from fraud or that it was at fault for processing the payment in line with her instruction.

Payment 2, however, was much larger and was the second such payment in a short space of time. This is the point at which I think Halifax should have identified Ms M was at risk of harm from fraud.

It appears Halifax did recognise this risk and the payment was paused until Ms M had spoken to one of its agents by telephone. Having thought carefully about the risks this payment presented, I think a human intervention was a proportionate response.

I've listened to recordings of the calls between the bank and Ms M. The first agent clearly explained the purpose of the call was to make sure she wasn't being scammed and that she should be open and honest with her answers, warning she may lose her money if she held back relevant information. He then asked the reason for the payment. Rather than saying she was making an investment, Ms M instead said she was transferring money to her EMI account because she needed immediate access to multiple currencies as she had family overseas. The agent then warned her about impersonation/safe account scams and asked whether any third parties were instructing her in any way, to which she answered '*no*'.

The call ended prematurely due to some confusion over the account Ms M was transferring to, which was resolved after she contacted the EMI and discovered she had two accounts. Ms M then contacted the bank again to confirm the transfer. The second agent also asked about the reason for the payment and she repeated what she'd told the first agent.

On balance, I think the bank's agents asked appropriate initial questions about the payment. I also believe the answer Ms M gave would reasonably have seemed plausible and that they were entitled to take additional comfort from the fact that she'd also said no one else was instructing her. In the circumstances, I don't think there was any reason for the bank's agents to suspect she may be falling victim to an investment scam or that they should have provided warnings about this type of fraud. Instead, I think they were entitled to believe that if a scam was occurring, it was most likely to be an impersonation or safe account scam and that this was the type of warning that was required.

The success of any fraud intervention by a bank depends to some extent on the consumer providing accurate information about the payments they're making. If Ms M had explained that she was making an investment and that someone was guiding her, I'd have expected the bank's agents to ask further questions that may well have uncovered the scam. Unfortunately, she didn't provide accurate information on this occasion. A full history of Ms M's communications with the scammers hasn't been provided, but it seems likely she was following their advice when she answered the questions from the bank's agents in the way she did. But whatever her reasons, I do think that hiding the real purpose of the payment only served to hamper the bank's efforts to protect her.

There is an argument that Halifax could have intervened again in at least one of the later payments, despite the fact Ms M had requested her EMI be recorded as a trusted payee at the time of payment 2. But I've no reason to think she'd have been any more open about what she was really doing. Her representative has explained in some detail why she believed the scheme was genuine and the communications with the scammers that have been provided appear to show that belief continued throughout the time she was sending money to it.

I want to be clear that it's not my intention to suggest Ms M is to blame for what happened in any way. She fell victim to a sophisticated scam that was carefully designed to deceive and manipulate its victims. I can understand why she acted in the way she did. But my role is to consider the actions of Halifax and, having done so, I'm not persuaded these were the cause of her losses.

I've also noted the comments of Ms M's representative about the FCA's Consumer Duty and I've taken account of Halifax's obligations following its introduction, but I'm not persuaded this changes the outcome here. While Halifax was expected to avoid causing her foreseeable harm, I don't think its actions (or failure to act) were the cause of the harm she suffered, nor do I think that harm was reasonably foreseeable given the information that it was given at the time.

### *Recovery of funds*

Ms M isn't entitled to any refund under the industry's reimbursement scheme for authorised push payment (APP) fraud as she made the payments to an account in her own name. Halifax could only have tried to recover funds from this account and it appears all the money had already been moved on by the time she told the bank about the scam in July 2025. In any event, any money she hadn't transferred to the scammers would still have been available for her to access. In the circumstances, I don't think anything that Halifax could have done differently would likely have led to these payments being successfully recovered.

*In conclusion*

I recognise Ms M has been the victim of a cruel scam and I'm sorry she lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I don't think any further intervention by Halifax would have made a difference to the eventual outcome and I won't be telling it to make any refund.

**My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 11 March 2026.

James Biles  
**Ombudsman**