

## The complaint

Mr M complains that Bank of Scotland plc (trading as Halifax) won't refund the money he lost to an investment scam.

## What happened

Mr M says that an individual calling himself Mr S ("the scammer"), contacted him to present a detailed plan to invest in a property development company overseas. Mr M says that the scammer knew personal details including Mr M's Halifax account number.

Mr M says that the scammer promised dividend payments to him and between July and August 2021, Mr M received three credits to his account from the alleged investment. Mr M says that following these credits, the scammer and a series of alleged associates pressured him into transferring significant sums.

Between 24 July 2021 and May 2022, Mr M used his Halifax current account and credit card account to make the following five disputed payments:

No	Date	Type of transaction and merchant	Amount £
1	24 July 2021	Debit card payment to money transfer merchant	1,478.47
2	24 July 2021	Credit card payment to money transfer merchant	7,826.23
3	13 August 2021	Faster payment to money transfer merchant	9,784.59
4	13 August 2021	Faster payment to money transfer merchant	9,783.70
5	16 May 2022	Faster payment to money transfer merchant	14,877.00
<b>Total</b>			<b>43,749.99</b>

Mr M says he was vulnerable due to ill health and bereavement. Mr M says that he lost out financially as he couldn't fulfil a lucrative contract after losing his money to the scam.

Mr M was unhappy with the way in which Halifax handled his complaint, saying that a member of staff called him a scammer and a liar.

Halifax told Mr M that the payments fell outside the scope of the Contingent Reimbursement Model (CRM) Code. Halifax said that it had intervened appropriately in some of the transactions where needed. Based on Mr M's responses, Halifax released the payments after providing appropriate fraud advice.

## *Our investigation so far*

Our investigator didn't uphold Mr M's complaint. He didn't think there was any reason for Halifax to have intervened in the first payment, given its' relatively low value. Our investigator noted that when Mr M tried to make the second payment using his credit card, Halifax blocked it and asked Mr M to make contact. Our investigator thought that Mr M's explanation of why he wanted to transfer the money was reasonable. Our investigator thought the same thing when Halifax blocked the third payment. Mr M told Halifax he was investing in his cousin's company. Our investigator thought this was a reasonable explanation and didn't think Halifax was wrong to allow the payment. This meant that the recipient was confirmed

as a trusted payee.

Our investigator noted that Mr M made the final payment to a recipient he had previously paid significant sums to in January, March and June 2021 without raising any concerns. Overall, our investigator thought that Halifax's interventions were proportionate to the associated risks. So, he didn't think it fair to require Halifax to refund any of the transactions. Our investigator also thought that even if Halifax had intervened further, this wouldn't have prevented Mr M's loss as he had been coached by the scammers on how to respond to any questions.

Our investigator didn't think that Halifax could have recovered the disputed payments. He agreed that Halifax could have dealt with Mr M's complaint better than it did but thought the £80 compensation it had paid was fair.

Mr M disagrees with the outcome. He doesn't think that our investigator has taken account of his vulnerability. Mr M thinks that Halifax should have taken additional steps to protect him.

Mr M thinks that Halifax relied too heavily on his reassurances about the intended purpose of the payments, without noticing his inconsistent responses. Mr M thinks that Halifax could have broken the cycle of manipulation if it had asked for independent verification of the reason for the payments.

Our investigator responded to the points which Mr M raised, but as he remains unhappy with the outcome, his complaint has come 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 done so, I am not upholding this complaint for broadly the same reasons given by our investigator. In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

I appreciate that I have summarised this complaint in less detail than the parties and that I have done so using my own words. The rules that govern us, together with the informal nature of our service allow me to take this approach. But this doesn't mean I have not considered everything the parties have given to us – this includes Mr M's most recent response to the investigation outcome which we received at the end of December 2025.

For the sake of completeness, the CRM Code doesn't apply in this case. This is because Mr M made the faster payments to accounts held in his own name and the CRM Code only applies to faster payments made to another person. And card payments aren't covered by the CRM Code.

Mr M doesn't dispute that he authorised the payments from his Halifax account. So, the starting point under the relevant regulations (in this case, the Payment Services Regulations 2017) together with the terms of Mr M's account, is that he is responsible for payments he's authorised himself.

Taking into account the law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that in 2021 and 2022, Halifax should:

- have been monitoring accounts and any payments made or received to counter various risks, including 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 banks 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, or provided additional warnings, before processing a payment – as in practice all banks do; and
- have been mindful of – among other things – common scam scenarios, the evolving fraud landscape (including for example the use of multi-stage fraud by scammers) and the different risks these can present to consumers, when deciding whether to intervene.

In this case, I need to decide whether Halifax acted fairly and reasonably in its dealings with Mr M when he authorised payments from his account. Or whether it could, and should, have done more before processing them.

The first payment Mr M made was relatively low in value, so I am not persuaded that Halifax should have intervened before processing it. When Mr M attempted to make the second payment the same day, using his credit card, I think that it was reasonable for Halifax to block the transaction to raise further questions.

Like our investigator, I have listened to the call which Mr M had with the fraud team. Halifax asked him the purpose of the transaction, which Mr M said was for medical treatment. I am satisfied that Halifax took reasonable steps to clarify why Mr M wasn't paying the hospital direct. Throughout the call, Mr M remained calm and explained that the money was going to a family member who would in turn pay for their own treatment. Mr M pointed out that he had already used the merchant to transfer money for the same reason to help his family member. So, I don't consider it was unreasonable for Halifax to accept Mr M's explanation without requesting further evidence.

When Halifax blocked payment three, it spoke again to Mr M. At this time, Mr M told Halifax that he was investing in a family member's business. Although this was a different reason to the one he gave before, three weeks had passed. So, this wasn't an obvious case of a customer making escalating payments in quick succession to a third-party account which may have appeared more concerning. The money was going to an account in Mr M's name that he had used before which carries a reduced risk.

When Halifax asked Mr M for more details about the investment, he was able to explain that the business invested in medical equipment. Mr M said he'd invested money in the same business a year before and received a good rate of return. Overall, I am persuaded that Halifax's intervention was proportionate given Mr M's answers and his previous use of the money transfer merchant.

Once Halifax marked payment three as genuine, it reduced the risk of a similar transaction being flagged again. So, I don't consider Halifax acted unreasonably when it didn't intervene in payment four.

Mr M made the final disputed payment in May 2022. He sent it to a money transfer merchant which he had a history of using. From looking at Mr M's Halifax bank statements, I can see that between June 2020 and July 2021 he made 16 payments to the same money transfer

merchant ranging from hundreds of pounds to over £19,000 in June 2021. Given this transaction history and the fact that Halifax doesn't have a record of Mr M disputing any of these payments, I don't think it unreasonable that Halifax didn't intervene in payment five. Particularly as more than nine months had passed since the previous disputed transaction, making it seem less likely that Mr M was making the payment as part of an unfolding scam.

I accept that the CRM Code says that if a customer is vulnerable to the scam they fell victim to (as set out in the Code), the bank should reimburse the customer in full, regardless of whether it was aware of the customer's vulnerability. But as I have already explained, the CRM Code doesn't apply in this current complaint. Although Mr M says his financial judgment was impaired at the time because of personal and health reasons, I don't have evidence to suggest that he made Halifax aware of this around the time he made the disputed payments. So, I can't find that Halifax missed any obvious signs that Mr M may be particularly vulnerable to scams, which in turn may have led it to ask more questions about the transactions.

I appreciate that Mr M disagrees with our investigator's conclusion that further intervention wouldn't have prevented his loss. Mr M feels that earlier and firmer action could have disrupted the scam and prevented at least some of his loss. But as I don't consider Halifax acted unreasonably by processing the payments based on the information it already held, together with the responses Mr M gave when questioned about the payments, I don't need to decide whether it's more likely than not the scam would have been uncovered with further intervention by Halifax. I hope that this makes sense to Mr M.

#### *Recovering the payments Mr M made*

When payments are made by card – as was the case here – the recovery option open to Halifax is to request a chargeback. The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The scheme is subject to limitations, and we would only expect a bank such as Halifax to raise a chargeback if there is a reasonable prospect of success.

Mr M didn't make the card payments to the scammer direct. Instead, he paid the money to accounts held in his name with a third-party merchant. So, Halifax could have only processed chargeback claims against the merchants Mr M paid. By carrying out transactions such as forwarding the money received, the merchants involved had provided the service Mr M requested. The fact that money was later transferred elsewhere to the scammer didn't give rise to a valid chargeback claim against the merchants Mr M paid. So, any chargeback claims would likely have failed.

Regarding the faster payments – Mr M first moved the money to an account in his own name and then onwards from there. I agree that there was no prospect of Halifax being able to recover any of this money. Particularly as Mr M made the disputed payments in 2021 and 2022 but didn't raise his concerns about the transactions until 2025. The money would have been long gone and if it had remained in the account, Mr M would have had control over it. So, I can't say that Halifax acted unfairly when it came to trying to recover Mr M's losses.

Finally, I am sorry to hear that Mr M found the complaints process upsetting at a time when he was already struggling mentally with the impact of the scam. For this upset, Halifax has paid Mr M £80 to apologise. I appreciate that he doesn't think this fairly reflects the level of upset caused, but given that the failing happened during one call, for which Halifax apologised, I think the compensation already paid was fair.

Overall, I am satisfied that Halifax treated Mr M reasonably in the way it dealt with the payments. So, while I am sorry to hear about this cruel scam and the impact it has had on

Mr M, I don't ask Halifax to reimburse him. And there aren't any ways in which it can recover the funds for him.

**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 M to accept or reject my decision before 2 February 2026.

Gemma Bowen  
**Ombudsman**