

The complaint

Mr M complains that Bank of Scotland plc trading as Halifax (Halifax) will not refund him money he says he lost in a scam.

What happened

The circumstances surrounding Mr M's complaint are well known to both parties, so I won't repeat them in detail here. Instead, I've summarised what I consider to be the key points.

Mr M opened an online gambling account with a company based overseas. In order to fund his gambling account, he made eight payments from his Halifax account on 27 September 2025, with a total value of £3,500. The payments were made through the faster payments system.

Mr M says winnings of £13,500 were credited to his gambling account, but when he came to withdraw them, he was told withdrawal was not possible, that he was in breach of the account terms and conditions and his account was closed.

He reported the matter to Halifax as a scam and subsequently complained to Halifax. He says Halifax failed to warn him that the recipient might be a high-risk or unlicensed gambling company and did not make sufficient efforts to recover his money once he informed it of the scam. He also complained about Halifax's general handling of the matter.

Halifax wasn't persuaded Mr M had been the victim of a scam and did not consider the payments were out of character for Mr M's account. It didn't uphold his complaint.

The complaint was considered by one of our investigators, who didn't recommend that Mr M's complaint should be upheld. She said there was insufficient evidence to show that a scam had occurred. In any event she didn't consider the transactions were unusual enough or suspicious enough for Halifax to have intervened. She didn't think that there was any reasonable prospect of Halifax being able to recover Mr M's money. She did think Halifax hadn't handled Mr M's concerns as well as it could have done and recommended that Halifax should pay Mr M £50 to recognise this. Halifax accepted this.

Mr M didn't agree and asked for an ombudsman's decision. He says the Merchant Categorisation Code (MCC) used for this transaction was incorrect. He considers if it had been correctly coded to identify the merchant as a gambling site, then he might have been better protected and the payments might have been blocked or questioned. He also says an incorrect MCC might have been grounds to challenge the payments and attempt to recover them.

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 find there is little evidence to show that a scam has taken place. While I

have taken into account Mr M's recollections, I've been provided with very little supporting evidence.

Mr M has provided a copy of two partial screenshots of messages he sent to the gambling company. One message requests that he be allowed to withdraw his account balance of £13,500 and describes his account being locked shortly after requesting a withdrawal of his winnings. In a second message, he requests a return of the money he originally deposited, together with the balance of the account, which he says is being withheld. There is also a copy of a reply from the gambling company, saying it will investigate his concerns. So, there is some evidence of him raising a dispute about the closure of his account and not being able to access his account balance, which he says is £13,500.

I do understand that it is difficult for Mr M to provide evidence to show he has been the victim of a scam, as he says he has been locked out of his gambling account and he has not received a response or explanation from the gambling site.

I have not been able to find any adverse information or warnings relating to the gambling company listed on any regulatory sites, such as that of the gambling regulator for the jurisdiction in which the company operates. I have seen some negative reviews on online review sites, although they are significantly outweighed by positive reviews. Overall, despite my natural sympathy for Mr M and while not dismissing the possibility that he has been the victim of a scam, in my view there is just insufficient evidence for me to safely conclude that this was a scam.

In any event, even if I concluded there was sufficient evidence to show this was a scam, I am not persuaded that Halifax should have intervened or that intervention would have been successful.

Mr M made eight payments to this payee within a short space of time and the payments generally escalated in value. But all were relatively low value, the largest being for £600, the cumulative amount was relatively low at £3,500 and the account was well funded. Overall, I'm not persuaded that the transactions were sufficiently unusual that Halifax ought to have intervened.

But even if Halifax had intervened, I do not think Mr M would have told them anything concerning, just that he was using the money for gambling. Mr M's account was well funded, and Mr M had made some occasional payments to other gambling sites before. There is no indication that he had asked Halifax to block gambling transactions or that he was vulnerable. He says the gambling site appeared legitimate, the website was professional, he had seen positive online reviews, and it appeared to have a licence. On that basis, I'm not persuaded anything he might have told Halifax about the payments would have caused it particular concern or, if Halifax had warned him about scam sites, that this would have caused him concern, given the research he appears to have carried out.

Mr M says the MCC for the gambling site was incorrect, in that it did not identify the merchant as a gambling operator. He says if it had been correctly categorised, Halifax might have applied further controls and protections to these transactions. I have considered this, but Halifax was not responsible for the MCC assigned to this merchant, so I don't think it is at fault for not identifying this as a gambling operator. While Mr M also says incorrect use of an MCC code is a basis for raising a chargeback claim under the rules of one of the major card schemes, chargeback claims are made under a voluntary process run by card schemes, and these were not card payments.

Halifax could have attempted to recall the payments, but I'm not persuaded there was a reasonable prospect of any recovery attempts succeeding. If Halifax had contacted the

receiving bank to try to recall the payments it would have had little evidence to show Mr M had been scammed. The payments had been received into Mr M's gambling account and appear to have been used by him for the purpose intended. In the absence of clear evidence that the gambling company was operating a scam, it seems highly unlikely that any recovery attempts would have been successful.

Mr M has not commented on the Investigator's view that Halifax should pay him £50 to recognise the slight delays in its handling of his request for a refund and complaint, while Halifax accepted this point. I consider any distress caused by Halifax's missed call backs or failure to respond as promptly as it could have done are likely to be minor. That is not to diminish how distressing Mr M's overall experience has been, but I think the majority of that is due to the scam itself, which I do not consider Halifax is responsible for. On balance, I consider £50 is reasonable to recognise the modest additional trouble and upset caused by Halifax.

Putting things right

Halifax must pay Mr M £50.

My final decision

I uphold Mr M's complaint, and I require Bank of Scotland plc trading as Halifax to pay Mr M compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 March 2026.

Greg Barham
Ombudsman