

The complaint

Mrs B complains that Bank of Scotland plc, trading as Halifax, won't refund the money she lost when she was the victim of what she feels was a scam.

What happened

In June 2024, Mrs B visited a friend who was having work done on their driveway and spoke to the tradesman about having her own driveway done too. The tradesman then visited Mrs B's property and provided a quote, which she accepted. And Mrs B then made a payment of £3,500 from her Halifax savings account to the tradesman's company account as a deposit.

The tradesman then started work at Mrs B's property in October 2024 and, after doing some initial work, told her she needed to make a second payment so they could order materials. Mrs B then made this second payment of £7,000 from her Halifax current account to the tradesman's personal account.

However, shortly after this second payment was made, Mrs B says the tradesman told her they were leaving the area. They initially said they would return to complete the work shortly, but then gave her a number of reasons why they couldn't return, including poor weather and illness. Due to the delays, Mrs B became suspicious so researched the tradesman further and discovered they had a previous conviction for fraud. And when the tradesman still failed to complete the work, she reported the payments she had made to Halifax as a scam.

Halifax investigated but said it felt this was a dispute between Mrs B and the tradesman, rather than a scam. So it didn't agree to refund the payments she had complained about. Mrs B wasn't satisfied with Halifax's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think there was sufficient evidence to say the circumstances here met the relevant definition of a scam, so thought Halifax had acted reasonably in not agreeing to refund the payments. Mrs B disagreed with our investigator, so the complaint has been passed to me.

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 don't think it would be fair to require Halifax to refund the payments Mrs B has complained about here. I'll explain why below.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises it to make. However, where the customer made the payments as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payments.

Is Mrs B entitled to a refund under the CRM code?

The Lending Standards Board's Contingent Reimbursement Model (the CRM code) was a voluntary code which Halifax was a signatory of. This code was in place when Mrs B made the first payment here, of £3,500 on 2 July 2024, and required firms to reimburse customers who had been the victim of certain types of scams, in all but a limited number of circumstances. But customers were only covered by the code where they had been the victim of a scam – as defined in the code.

The relevant definition of a scam from the CRM code is that the customer transferred funds to another person for what they believed were legitimate purposes but were in fact fraudulent.

The CRM code also says it doesn't apply to private civil disputes, such as where a customer has paid a legitimate supplier for goods or services but has not received them, they are defective in some way, or the customer is otherwise dissatisfied with the supplier.

So in order to determine whether Mrs B has been the victim of a scam as defined in the CRM code I need to consider whether the purpose she intended for the payment was legitimate, whether the purposes she and the tradesman intended were broadly aligned and then, if they weren't, whether this was the result of dishonest deception on the part of the tradesman.

I've thought very carefully about this and I think it's a finely balanced matter in this case. But where the evidence available is unclear or inconclusive, I must make my decision on what I think is more likely to have happened, based on the evidence I do have.

From what I've seen, I'm satisfied Mrs B made the payment here with the intention of paying for work to be done on her driveway. And I haven't seen anything to suggest she didn't think this was legitimate. But I'm not satisfied the evidence I've seen shows that the tradesman intended a different purpose for the payment, or that Mrs B's and the tradesman's purposes for the payment weren't broadly aligned.

It's not in dispute that the tradesman didn't complete the agreed work at Mrs B's property. But tradespeople can fail to complete work they have agreed to carry out for a number of reasons that don't necessarily mean they intended to operate a scam. So I don't think this is sufficient to show that the builder intended to operate a scam here.

Mrs B was first introduced to the tradesperson after seeing work they had done at a friend's property. And, from what I've seen, it appears the work at the friend's property was completed by the tradesperson, and to a standard the friend was happy with. But I wouldn't usually expect someone operating a scam to be able to arrange this kind of personal introduction or evidence of genuine work.

The tradesman provided a written quote and signed a contract with Mrs B for the agreed work, which included a schedule for when the payments would be made. And they then asked for the deposit and the second payment to be made in line with this schedule. But I wouldn't usually expect someone operating a scam to sign such a formal contract, and I don't think the tradesman asking for payments in line with the agreed schedule suggests they were operating a scam.

The tradesman started working at Mrs B's property when they had agreed the work would start. And they carried out at least some work there, including the use of a digger and the hiring of a skip, which is more work than I might expect of someone who never intended to complete the work.

I appreciate Mrs B has provided an independent report on the quality of the work the tradesman did carry out, which says that there are several issues with the work and that it was as if no care or due diligence had been taken. The report also suggests remedial action be taken to correct the work. But tradespeople can carry out work to a poor standard for a number of reasons that don't necessarily mean they intended to operate a scam. And while I don't doubt the work the tradesman carried out at Mrs B's property was of a poor standard, I think this would more closely resemble a customer receiving defective services or being dissatisfied with the service they have received which, as I set out above, are specifically excluded from the definition of a scam in the CRM code.

The banks the payments were made to have also told us they haven't received any other scam reports against the accounts. But scammers usually target a number of people at once, in order to make as much money as possible before the scam is uncovered. So I'd expect to see other scam reports against the same accounts around the same time if the tradesman was operating a scam. The banks also told us the activity on the accounts appears to be consistent with what would be expected from a genuine tradesperson and there were no red flags which would indicate the account holder was behaving fraudulently.

Mrs B has raised a number of other concerns about the tradesman, including that they have a previous conviction for fraudulent trading, have been the director of a number of other companies that ceased trading after a short period of time and that she never received the materials the tradesman said they were ordering with her second payment. But I don't think a previous conviction for fraud, particularly once the punishment has been served, means future businesses that person operates are also necessarily a scam. And while I recognise the concerns she has raised suggests the tradesman wasn't acting as I would expect a professional tradesperson to, acting unprofessionally is not the same as intending to operate a scam. And I don't think any of the issues Mrs B has raised show the tradesman didn't intend to carry out or complete the work at her property.

I'm also aware Mrs B reported the tradesman to Action Fraud, who have said they are now monitoring them and their company is on their radar. But it doesn't appear there has been any investigation which has resulted in any formal charges or proceedings against the tradesman. So I also haven't been provided with evidence of any investigation by an external organisation which concludes that the tradesman was operating a scam, as defined in the CRM code, in relation to the payment Mrs B made here.

Mrs B has also said her partner experienced similar issues with the tradesman around the same time, which she feels shows a pattern of behaviour that suggests an intent to operate a scam. But if there were any financial or operational issues affecting the tradesman, these would also have impacted the work they were doing for Mrs B's partner, as the work was being done at the same time. So I don't think this necessarily shows a continued pattern of behaviour.

So I'm not persuaded that the available evidence is sufficient to safely conclude that the purpose the tradesman intended for this payment was different than the purpose Mrs B intended. And so I think Halifax has acted reasonably in saying the circumstances here don't meet the definition of a scam from the CRM code, and in not agreeing to refund this payment as a result.

Is Mrs B entitled to a refund under the Reimbursement Rules?

In 2024, the Payment Systems Regulator required the Faster Payments Scheme operator to introduce rules to require firms to reimburse customers who had been the victims of scams in certain circumstances. These Reimbursement Rules came into force on 7 October 2024,

so they were in force when Mrs B made the second payment here of £7,000 on 25 October 2024. However, these rules also only apply where the customer has been the victim of an APP scam, which the rules define as:

“Where a person uses a fraudulent or dishonest act or course of conduct to manipulate, deceive or persuade a Consumer into transferring funds from the Consumer’s Relevant account to a Relevant account not controlled by the Consumer, where:

- *The recipient is not who the Consumer intended to pay, or*
- *The payment is not for the purpose the Consumer intended”*

The rules also specifically outline that private civil disputes are not covered. And a private civil dispute is defined in the rules as:

“a dispute between a Consumer and payee which is a private matter between them for resolution in the civil courts, rather than involving criminal fraud or dishonesty.”

In its published policy statement PS23/3, the Payment Systems Regulator gave further guidance:

“Civil disputes do not meet our definition of an APP fraud as the customer has not been deceived [...] The law protects consumer rights when purchasing goods and services, including through the Consumer Rights Act.”

It also provided an example of a civil dispute:

“...such as where a customer has paid a legitimate supplier for goods or services but has not received them, they are defective in some way, or the customer is otherwise dissatisfied with the supplier.”

So in order to determine whether Mrs B has been the victim of a scam as defined in these Reimbursement Rules, I need to consider whether the payment was made for the purpose she intended and then, if it wasn't, whether this was the result of fraud or dishonesty on the part of the tradesman.

But, for the same reasons I explained above in relation to the payment covered by the CRM code, I'm not persuaded the available evidence is sufficient to safely conclude that the purpose the tradesman intended for this payment was different than the purpose Mrs B intended, or that the payment wasn't made for the purpose Mrs B intended.

And so I think Halifax has acted reasonably in saying the circumstances here don't meet the definition of a scam from the Reimbursement Rules, and in not agreeing to refund the money Mrs B lost from this second payment as a result.

I also don't think there are any other grounds on which it would be fair and reasonable to require Halifax to refund the payments Mrs B made here.

I sympathise with the position Mrs B has found herself in and I appreciate she didn't receive all the work she paid for, some of the work that was done was of a poor standard, and she may now have to pay further amounts to rectify and complete the work. I'm also in no way saying she did anything wrong or that she doesn't have a legitimate grievance against the tradesman. But I can only look at Halifax's responsibilities and, for the reasons I've explained above, I don't think it would be fair to require Halifax to refund the payments she has complained about here.

Halifax has accepted that there were delays in its response to Mrs B's scam claim, and that it didn't initially respond fully to the concerns she raised. But I think the compensation it has offered for this is a fair and reasonable award for the distress and inconvenience this poor customer service caused to Mrs B. And so I don't think it would be fair to require it to pay anything further.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 8 May 2026.

Alan Millward
Ombudsman