

The complaint

Mr G complains that Bank of Scotland plc trading as Halifax decided not to refund him the money he lost through a scam.

Mr G has brought his complaint to us via a representative, but I will refer to him throughout for simplicity.

What happened

Mr G said he came across an investment opportunity in December 2019 through an online video channel. He researched the company and said he was reassured by its professionalism and its partnership with a well-known UK-regulated broker.

Mr G invested a total of £78,454 across eight payments from his Halifax account, as listed in the table below. The payments were to his own account with a cryptocurrency exchange, where they were exchanged for cryptocurrency and sent onwards to the company's investment platform.

	Date	Payments
1	19/05/2020	£4,500
2	17/06/2020	£5,000
3	19/06/2020	£15,000
4	19/06/2020	£5,954
5	26/06/2020	£15,000
6	29/06/2020	£23,000
7	29/06/2020	£9,000
8	29/06/2020	£1,000

Mr G said he made several withdrawals from the investment platform, which came to a total of £21,227 inclusive of fees: £1,003.80 on 18/6/2020; £5,354.27 on 14/8/2020, and £14,868.93 on 11/9/2020.

Mr G said he had concerns about delays to withdrawals in November 2020, but trading was still active and communication with the company continued without issue. However, by March 2021 he began to suspect that he'd fallen victim to a scam as he, and friends who had invested, all had similar withdrawal issues, and the company reported what Mr G felt were illegitimate losses on trades based on corresponding data available on other trade websites. Together they filed a civil suit against the company in an overseas court in October 2021.

In March 2022, Mr G received an email from the company stating there were no funds left to pay any withdrawals, shortly after which the company's website and contact information disappeared.

In November 2022, Mr G and other investors successfully sued the company. The court accepted as credible their argument that the company committed a fault by not executing the withdrawals from around mid-October 2020, and that the fault caused a loss to them. The

court found in their favour on the balance of probabilities as the case was undefended. So far, Mr G hasn't recovered his money.

Mr G complained to Halifax in April 2025 that it should have done more to protect him from losing his money. Halifax said that it couldn't be held responsible for Mr G's loss as he'd made his payments to an account in his own name, and so it didn't uphold his complaint.

Mr G wasn't happy with this response and referred his complaint to us. One of our investigators looked into Mr G's complaint but didn't recommend that it be upheld. They found that Halifax had acted appropriately in the circumstances and that it wasn't responsible for Mr G's loss.

Halifax accepted this recommendation, but Mr G did not and asked for his complaint to come to an ombudsman to decide and it came to me.

I sent a provisional decision to both parties on 30 January 2026 to explain why I didn't plan to uphold the complaint, and to share the information I'd relied on. Mr G didn't agree with my provisional decision, and I haven't heard from Halifax.

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.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations; regulators' rules, guidance and standards; codes of practice and, where appropriate, what I consider to have been good industry practice at the time.

I'll begin by setting out the text of my provisional decision below:

My provisional decision

"It's not in dispute that Mr G authorised the payments in question from his Halifax account. The Lending Standards Board's Contingent Reimbursement Code, which offered scam protection and potential reimbursement to customers, was in place at the time. However, the code covered payments made to accounts that were not under the payee's control, which wasn't the case here as Mr G made the payment to his own cryptocurrency account. These payments therefore aren't covered by it. And so, I've considered whether it would otherwise be fair and reasonable to hold Halifax responsible for Mr G's loss.

In broad terms, the starting position at law is that a bank such as Halifax, is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations 2017 and the terms and conditions of the customer's account.

However, this doesn't mean that Halifax cannot bear any responsibility for what might have happened to Mr G. Banks have a regulatory responsibility to conduct their business with due skill, care and diligence, and to pay due regard to their customers' interests and treat them fairly. Banks also need to take steps to reduce the risk that their systems might be used to further financial crime. In practice, this means keeping customers' money safe and taking steps to prevent financial harm.

In this case, I need to decide whether Halifax acted fairly and reasonably in its dealings with Mr G when he authorised the payments in question from his account or whether it could, or

should, have recognised that he was at risk of financial harm when he authorised the payments.

My first consideration is whether Mr G fell victim to a scam and incurred a loss.

As mentioned, in November 2022 an overseas court accepted as credible Mr G's argument that he suffered a loss because the investment company refused to carry out his withdrawal requests and it acted in a manner that a prudent company would not have.

I don't plan to revisit this point as it has been decided by a court that Mr G incurred a loss, and this is not in dispute between the parties. Let me say at this point, that I am very sorry Mr G has had this experience.

While the court found that Mr G incurred a loss, it was silent on whether the loss came about because the investment wasn't genuine. This is a difficult point to decide conclusively.

I've borne in mind that not all complaints that are referred to us as an investment scam actually involve a scam. Some cases involve high-risk investments that resulted in disappointing returns or losses, some involve imprudent business practices. While Halifax had a responsibility to protect Mr G from fraud, this didn't extend to protecting him from losing money through making genuine investments however risky or imprudent they seemed.

For the purpose of this decision, I don't need to make a finding on this point. Instead, I'm focusing on whether action by Halifax could've prevented Mr G's loss.

I've considered whether the payments in question ought to have been flagged as suspicious or out of character for Mr G's account.

The payments weren't made directly to the company but to Mr G's account with a well-known legitimate cryptocurrency exchange. So, I wouldn't expect these payments to have been automatically flagged by Halifax as a risk simply because of their end destination (in other words, the investment company) as this was unknown to them.

It is fair to say that by mid-2000 Halifax would have recognised that payments to cryptocurrency carried a higher risk of fraud. However, I understand that Mr G opened his account with the exchange in 2018, and his bank statements show that he'd been making payments to the exchange from his Halifax account for about a year before the payments in question. The amounts paid varied from a few hundred to a few thousand pounds, for example over £4,000 in June 2019, £2,600 in March 2020, and £500 on 18 May 2020. He also made several payments in any one month.

So, I don't think the payment amounts or the pattern of payments would, or should, have been flagged as suspicious up until the 29 June 2020. On this day, Mr G paid an amount of £23,000 to his cryptocurrency exchange account, followed by payments of £9,000 and £1,000. This was the largest amount he'd paid so far, and it followed a deposit of £63,000 (from a house sale) into his account a few days earlier on the 26 June.

I think it would have been a reasonable and proportionate response for Halifax to have discussed this payment of £23,000 with Mr G before processing it, given its value in the context of his account transactions.

Mr G said in his complaint to us that Halifax ought to have had extreme doubts about what was going on here and explained the risk to him. And if he had been aware of the fraud risks and fraud trends, he would not have made the payments.

Halifax might have become aware through a discussion with Mr G that he was purchasing cryptocurrency and forwarding it on to another platform, which can be a feature of investment scams. However, at that point, there were no warnings in place to alert Halifax that the investment company were unregulated yet were carrying out activities that required regulation.

In July 2020, the Financial Conduct Authority (FCA) issued a warning about the investment company saying that it wasn't regulated to operate in the UK. It also said that it was carrying out activity that required regulation. Other regulators also issued similar warnings.¹ I haven't found any warnings in place at the time Mr G made his payments in May and June 2020.

So I don't think Halifax would have concluded that Mr G was at risk from fraud and stopped the payment, even if it had found out more about what was happening.

Mr G told us that a UK-regulated broker confirmed at the time that it was working with the investment company, which reassured him that the latter was offering a genuine investment opportunity. At the end of June 2020, Mr G had not yet experienced any issues in withdrawing his funds – he'd made a withdrawal earlier that month, and went on to withdraw almost £15,000 altogether in September 2020.

In addition, Mr G told us in his complaint that he'd carried out due diligence before investing. For example, he said he used well-known applications and websites to track and verify the trades; online calculators to monitor and analyse the returns; and he verified the various instruments and brokers involved in current and historical trades.

In a telephone conversation with Halifax in 2025, Mr G was asked about the possibility that the investments were genuine, and that his money was lost because the company didn't return it. Mr G acknowledged that that could be the case, as all the trades matched. He also mentioned that he was the last of a group of his friends to invest, they had also been able to make withdrawals, and he had no reason to think it was a scam. I can see from the exchange statements that Mr G continued to trade in various cryptocurrencies throughout 2021 and 2022.

Altogether, it seems to me that Mr G was knowledgeable in and made use of various cryptocurrency trading tools, and was likely aware of the risks and the market before making these payments. I think it's unlikely that an intervention by Halifax on 29 June 2020 would have caused Mr G to change his mind about this and subsequent payments on that day. I therefore don't think I can fairly conclude that Halifax is responsible for his loss.

Mr G didn't get in touch with Halifax about his loss until several years after he'd made the final payment. But I don't think Halifax could've recovered Mr G's loss. They could only have sought recovery from the cryptocurrency exchange, but the funds Mr G lost had already been forwarded to the company's trading platform. And any funds remaining in Mr G's account with the exchange would have remained under his control.

¹ From the International Organization of Securities Commissions - <https://www.iosco.org/i-scan>

In summary, it isn't clear whether Mr G lost his money through an investment scam or solely through the actions of the company offering a genuine investment opportunity. However, even if Halifax considered that some of the payments carried a potential risk of fraud and carried out a reasonable and proportionate intervention, it wasn't likely to prevent the later loss of funds.

I am sorry that Mr G has had this experience and that I can't provide the resolution he's hoping for. For the reasons I've explained, I can't fairly hold Halifax responsible for his loss, and I am not planning to uphold his complaint."

Mr G's response to my provisional decision

I want to reassure Mr G that I have carefully considered his response to my provisional decision, alongside everything else, in coming to a final decision on his complaint.

In summary, Mr G said that:

- The company was operating a well-orchestrated global scam in the eyes of the court, global law enforcement, regulated cybercrime tracing companies, and the cryptocurrency exchange he'd used. In the years since, more evidence has come to light which proves that no trading was ever carried out by the company.
- Halifax was negligent in allowing huge deposits to be processed in a short period of time without question. Although he had made various deposits to the cryptocurrency exchange up to March 2020, the size and repetition of large deposits in May and June should have been a red flag for Halifax, notwithstanding that the payments were going to an account in his name.
- He was new and inexperienced in the cryptocurrency market as he had only traded using two companies, and had very little knowledge of potential scams. He hadn't considered the saying of 'if something is too good to be true, it's not' and would have continued to invest, but not risked the huge amount he did, if he had been challenged by the bank.

I hadn't made a finding in my provisional decision as to whether the company was operating a scam, and I have not done so in this final decision. Irrespective of whether the company was operating a scam, I found that Halifax ought to have recognised that Mr G might have been at risk of financial harm when he made a payment of £23,000 on 29 June 2020. This was because the payment was unusual in the context of his account transactions and it was recognisably a payment to a cryptocurrency exchange.

However, I also found that Halifax wasn't likely to have prevented the loss of funds even if it had carried out a reasonable and proportionate intervention at this point. It is hard to conclude that Mr G would have thought twice about investing had Halifax spoken with him because he'd carried out due diligence and found positive news online about the company, and he'd been able to make withdrawals. It seems things didn't start to go wrong until several months after the payments in question.

Mr G said that the company worked with unregulated third-party payment processors and he provided screen shots of online warnings against these payment processors, dated 2021 and 2022. As I'd said in my provisional decision, no warnings had been issued by the UK regulator or others about the company at the time of the payments in May and June 2020. So, even had Halifax found out where Mr G intended to invest his payments, I don't think it would have concluded that he was at risk of financial harm at that time.

I appreciate that Mr G made a loss, and that more evidence has come to light over the years that, he says, shows that the company was fraudulent and operating a scam. I can see why,

with hindsight, Mr G feels he might have made a different decision about these payments. However, I've concluded that a reasonable and proportionate intervention by Halifax would not have discovered a scam at that time, and I don't think it would have made Mr G change his mind about the investment.

Altogether, having reviewed everything again, I remain of the view that Halifax cannot be held responsible for Mr G's losses, and so I am not upholding his complaint.

My final decision

For the reasons I've explained above, I am not upholding Mr G's complaint about Bank of Scotland plc trading as Halifax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 10 April 2026.

Michelle Boundy
Ombudsman