

The complaint

Mr S complains that Bank of Scotland plc trading as Halifax (“Halifax”) won’t refund a payment he made as part of an alleged scam.

What happened

The background to this complaint is well known to both parties, so I won’t repeat it in detail here. But in summary, I understand it to be as follows.

In 2021, Mr S became aware of an investment opportunity. This opportunity involved investment in cryptocurrency through a company, who will be further referred to as “Company A”.

Satisfied with what he’d seen, Mr S made a payment of £2,000 in June 2021. This payment was made to a friend of Mr S’s in order for the investment to be made. The beneficiary of Mr S’s payment will be further referred to as “Person A”.

Later, Mr S contacted Halifax to request they reimburse his funds on the basis that he’d been the victim of a scam. Halifax looked into the matter but declined to reimburse Mr S’s funds on the basis that they weren’t covered by the relevant reimbursement rules.

An investigator looked into the complaint but didn’t uphold it on the basis that Mr S hadn’t demonstrated that the payment had a link to Company A and that the payment was made to his friend, meaning that it didn’t meet the definition of an authorised push payment (APP) scam. The investigator also said that the payment was unusual or suspicious enough to have warranted intervention from Halifax prior to its release.

Mr S disagreed with the investigator’s findings and, as the complaint couldn’t be resolved by the investigator, it has been passed to me for a decision.

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.

Mr S has provided detailed submissions to our service in relation to this complaint. In keeping with our role as an informal dispute resolution service, I will focus here on the points I find to be material to the outcome of Mr S’s complaint. This is not meant to be a discourtesy to Mr S and I want to assure him I have considered everything he has submitted carefully.

In deciding what’s fair and reasonable in all the circumstances of a complaint, I’m required to take into account relevant: law and regulations; regulators’ rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

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 (in this case the 2017 regulations) and the terms and conditions of the customer's account.

Here it's not in dispute that the payments were authorised, so the starting position is that Halifax isn't liable for the transactions.

There are, however, some situations where we believe that businesses, taking into account relevant rules, codes and best practice standards, shouldn't have taken their 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 interest of its customers and to follow good industry practice to keep customer's 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 Mr S.

Our investigator has already provided a detailed assessment of Mr S's complaint and I agree with their outcome, and for broadly the same reasons.

At the time of the payment in question, Halifax were a signatory of the Contingent Reimbursement Model (CRM) Code which requires firms to reimburse customers who have been the victims of APP scams in all but a limited number of circumstances.

The relevant part of the CRM Code definition of an APP scam requires that the payment was made to: *"another person for what they believed were legitimate purposes but which were in fact fraudulent."*

In order to reach my decision on this complaint, I've considered the purpose for which Mr S made, and Person A received, the payment. And, if there is a significant difference in these purposes, whether I can be satisfied that this difference was as a result of dishonest deception.

Mr S states that he made the payment in order for an investment into Company A. So, I've gone on to consider what purpose Person A had in mind and whether that was in line with the purpose Mr S made the payment.

Mr S has made no allegation that Person A may have been involved in the alleged scam perpetrated by Company A and he has not claimed that the funds were not used in the agreed manner nor that Person A has acted fraudulently.

I appreciate that the funds may have ultimately ended up with Company A but, in this case, the Code requires the beneficiary of the payment to have received the payment for fraudulent purposes. As the purpose Mr S made, and Person A received, the payment aligned, I can't say that the payment made to Person A is caught by the CRM Code.

That said, I've considered whether Halifax could've, or should've, done any more at the time of the payment in order to prevent Mr S's loss.

Halifax has confirmed that it didn't interact with Mr S prior to releasing payment. Having reviewed the account activity several months prior to this payment, I'm not persuaded the payment represents a significant change in the typical usage of Mr S's account. I say this

because it isn't of an amount which stands out as unusual or suspicious in comparison to the genuine spend from Mr S's account.

Because of this, I don't believe Halifax ought to have contacted Mr S and discussed the purpose of this payment prior to its release. As that's the case, I don't believe Halifax ought to have prevented the payment at the time it was being made.

Overall, I don't believe Mr S's payment is covered by the CRM Code or that Halifax ought to have prevented it at the time it was being made. As that's the case, I'm not persuaded that Halifax are liable to reimburse Mr S's funds.

My final decision

My final decision is that I do not uphold this complaint against Bank of Scotland plc trading as Halifax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 May 2026.

Billy Wyatt
Ombudsman