

The complaint

Mr and Mrs S complain that Bank of Scotland plc trading as Halifax ('Halifax') won't reimburse the funds they lost when they say they fell victim to a scam.

What happened

Mr and Mrs S hold a joint account with Halifax from which the payments in this case were made. As Mrs S made the payments, I'll mainly refer to her in this decision.

The investigator set out the facts of this case in detail, so I'll only cover them briefly here.

Mrs S says that she met someone I'll call 'K' in this decision at a bridal show. Mrs S was a relatively inexperienced make-up artist and K was forming a team of make-up artists to work at the event. Mrs S was asked to pay K £500 for the opportunity and attended the show in February 2025.

After the show, K made a group chat with Mrs S and other make-up artists who had also participated. Through this group, K offered opportunities. Mrs S was interested in attending a certain shoot and was told the cost would be £4,000 which would be split between them. K then recommended that Mrs S pay additional sums for things like a website design, a business course which would prepare her to be K's partner, a show, and a course to enable Mrs S to teach other make-up artists.

Between January and May 2025 Mrs S paid K £9,910 over seven payments.

Mrs S was contacted by another make-up artist who told her that K was a con artist who had taken lots of money from others too. She then began to gather evidence about the payments K requested and believes she is the victim of a scam. Mrs S reported her concerns to Halifax and contacted K, who refunded £1,500.

Halifax said Mrs S has a civil dispute that it isn't responsible for.

Mrs S was unhappy with Halifax's response and brought a complaint to this service. The investigator who considered her complaint didn't recommend that it be upheld as he also thought Mrs S had a civil dispute.

Mrs S didn't agree with the investigator's findings and asked for a final decision. In summary, she said:

- She transferred funds to K based on materially inaccurate information provided to her by K about costs and opportunities. In particular, she has found that certain third-party services cost less than she was led to believe.
- She made multiple payments to K over a short period, but Halifax didn't intervene. Had it done so, her loss could have been prevented.
- K's decision to refund £1,500 doesn't negate the fact that earlier payments were made based on misleading representations.

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 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.

I don't have any power to consider a dispute between Mrs S and K. My role is to consider whether Halifax, as Mr and Mrs S's bank, treated them fairly.

In broad terms, the starting position at law is that a bank 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.

The Financial Services and Markets Act 2023 required the Payment Systems Regulator (PSR) to introduce a reimbursement requirement for payments made over the Faster Payments Scheme as a result of fraud or dishonesty. Consequently in 2024, the PSR required the Faster Payments scheme operator (PayUK) to change the Faster Payment Rules to require the firms that operate over Faster Payments to reimburse their customers sums paid as a result of APP (authorised push payment) scams in certain circumstances. These Rules, which I'll call the Reimbursement Rules, came into force on 7 October 2024.

In this case, I've first considered whether the Reimbursement Rules and associated guidance issued by the PSR are relevant to the payments Mrs S made. Where they are relevant, I must have regard to the rules and guidance, as well as considering what is fair and reasonable in all the circumstances of the complaint.

The Reimbursement Rules set out the requirements for a payment to be covered and sets out the features and definition of an APP scam. The Rules specifically define an APP scam 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".*

And the Rules specifically outline that private civil disputes are not covered. The term 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:

"2.6 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."

2.5 provides an example of when this might apply and says:

"...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."

Mrs S paid the party she intended to pay. So, for Mrs S to be the victim of an APP scam as defined, I would need to be satisfied that K was acting fraudulently and dishonestly to deceive Mrs S about the very purpose for which her payments had been requested. I am sorry to disappoint Mrs S, but I'm not persuaded that this was the case.

Mrs S thought that she was paying funds for specific purposes like attending an event, training, and developing a website. She attended the initial event, received training of sorts at her home from K, and a website was created for her by a third party. I appreciate that Mrs S wasn't impressed by the training K gave her and that she has subsequently established that K used a third party to create a website that Mrs S has now established cost considerably less than she paid K. But the payments were used for the purposes intended. The issues Mrs S has around cost and quality, are civil matters that her bank isn't responsible for.

Whilst Mrs S has provided some screenshots and invoices, there is also very little evidence of K asking for funds for specific purposes, so it's very hard to know what each payment Mrs S made was meant to cover. It seems that K was mentoring Mrs S and that there was an intention that they become business partners at some point.

I can also see that K credited Mrs S's account with £1,500 in May 2025, shortly after Mrs S made a payment of this amount for a show. Mrs S says K paid her this amount after she raised concerns. Scammers rarely reimburse victims and the fact K made this payment is indicative of a civil dispute between the parties.

Mrs S has reported the matter to the police but I'm not aware of any ongoing investigation into K. So there's no evidence from an external body which concludes that K intended to use Mrs S's funds for a different purpose to the one agreed with fraudulent intent.

I turn now to Mrs S's comments about Halifax's failure to intervene when she made the payments.

There are some situations where 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 customers' 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.

In this case, I think the payments Mrs S made to K were broadly in line with previous account activity. In any event, I'm not persuaded that had Halifax intervened when any of the payments were made Mrs S's loss would have been prevented. Mrs S would have explained that she was making payments to someone she had met and was in contact with to develop her business. I don't think Halifax would have had concerns that she was at heightened risk of financial harm in these circumstances. And I note that at the time the payments were made Mrs S wasn't aware that the amounts K was charging were inflated.

Overall, it seems to me that Mrs S isn't happy with the service K has provided and believes she has been overcharged. Whilst I am sorry this has happened; I can't fairly hold Halifax responsible.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr S to accept or reject my decision before 14 May 2026.

Jay Hadfield
Ombudsman