

The complaint

Mr S complains Bank of Scotland plc trading as Halifax didn't do enough to protect him from an investment scam.

What happened

Mr S has an account with Halifax.

In September 2015 Mr S says he made a £25,000 payment intended for an overseas investment scheme.

In January 2023 a representative acting on behalf of Mr S wrote to Halifax enclosing a letter of claim saying that Mr S had lost £25,000 as a result of Halifax's negligence. They said that Mr S had invested in the overseas scheme as a result of cold calls from unauthorised individuals. They claimed compensation and interest on Mr S's behalf relying, amongst other things on the CRM – in other words, the Contingent Reimbursement Model.

Halifax looked into the matter and said that this was a failed investment rather than a scam. So, it didn't agree to a refund. It gave Mr S information relating to common scams and how to protect yourself. Mr S's representative complained to us.

One of our investigators looked into this complaint but didn't uphold it. They said that the CRM wasn't in force at the time, and that this was a failed investment rather than a scam. And despite there being little evidence as to what happened at the time, they said that they didn't think it would have made a difference if Halifax had asked questions at the time.

Mr S's representatives disagreed and asked for this complaint to be referred to an ombudsman. So, it was 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.

In 2020 the FCA and the FSCS issued a joint communication about the fact that some of the companies that are part of the overseas investment scheme in which Mr S says he has invested had filed for bankruptcy. I'm satisfied, based on this and everything I've seen, that Halifax was right when it said that Mr S appeared to have been the victim of a failed investment scheme rather than a scam. I also agree with Halifax, in the circumstances, that a refund wasn't, therefore, appropriate.

The FCA and the FSCS have explained what steps customers who have invested in the scheme should take and Halifax gave Mr S information about scams and how they work so he could help protect himself in the future. That was helpful of Halifax given that investors in the scheme have been contacted by scammers saying, for example, that they can recover their money or claiming to be part of the group and offering refunds for which they then ask for a fee. I wouldn't expect Halifax to do more.

In short, for the reasons I've just given, and our investigator gave, I'm not upholding this complaint. Mr S hasn't been the victim of a scam. He's lost money – if anything – as a result of a failed investment.

My final decision

My final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 6 February 2024.

Nicolas Atkinson
Ombudsman