

The complaint

Mr V complains Bank of Scotland plc trading as Halifax didn't do enough to protect him when he was the victim of a fraud.

What happened

Mr V has a current account with Halifax and a savings account with Bank of Scotland.

Between February 2022 and June 2022 Mr V made thirty-three payments from his current account totalling £682,717 and four payments from his savings account totalling £99,980. He thought he was investing in cryptocurrency, but it turned out he was being scammed. After making four payments from his savings account, Mr V says the correspondence he was having with what he thought was an investment company stopped, that he was unable to access a website that he thought showed his investment / trading and that he realised he'd been scammed. He went to branch and reported the fact that he'd been the victim of a scam.

Halifax and Bank of Scotland looked into what had happened and agreed that more should have been done when Mr V made the eight payment he made – which was for £21,500 – on 5 May 2022. But they also said that he'd been given a clear scam warning on 7 March 2022 and he'd still carried on sending money to the scammers. Halifax and Bank of Scotland agreed to refund 50% of the losses Mr V had made from the eighth payment onwards, together with 8% simple interest and £200 in compensation given that there was a delay in dealing with Mr V's complaint.

Mr V was unhappy with the decision, saying that Halifax and Bank of Scotland should refund the full amount. So, he complained with the help of a representative.

Both Halifax and Bank of Scotland looked into Mr V's complaint and said that they didn't think the 50% refund they'd offered was unfair. So, Mr V's representative brought two complaints to us – one against Halifax and one against Bank of Scotland.

One of our investigators looked into Mr V's complaints and said that they didn't think the 50% refund offered was unfair. Mr V's representative disagreed and asked for the complaints to be referred to an ombudsman for a decision. They thought that Halifax and Bank of Scotland shouldn't have allowed Mr V to make any more payments to the cryptocurrency site he was sending money and should have invoked the banking protocol. In other words, require Mr V to come into branch and call the police. Both of Mr V's complaints were 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.

The facts of this case have been set out in detail by the parties and aren't in dispute as far as I can see. I'm not, therefore, going to repeat them here. Everyone accepts that Mr V has been the victim of a scam. The main issue I have to decide in this decision is whether or not Halifax's offer to refund 50% of Mr V's losses from the eighth payment onwards is fair or not. That's because this decision relates to Mr V's complaint that Halifax should have done more to protect him when he made thirty-three payments from his current account totalling £682,717. In other words, this decision relates to Mr V's complaint about Halifax.

In its final response Halifax accepted that it should have done more when Mr V made the eighth payment that he made to what turned out to be a scam. That payment was for £21,500. Halifax accepted that it should have done more because that payment – given its size and nature – was unusual when compared to Mr V's normal account activity. Halifax was right to accept that this was the case. Had it not done so, I would have said that this was an unusual payment. The next question I have to ask myself is whether or not this would have made a difference. In this case I don't think it would have done so. I'll explain why.

I'm satisfied that Halifax blocked a £10,000 payment Mr V wanted to make and that Halifax spoke to Mr V about this payment on 7 March 2022. In other words, at the beginning of the scam. I've listened to that call and it's clear that the agent Mr V speaks to has a lot of knowledge of cryptocurrency but also that Mr V had concerns that he had paid a "small" amount of money (namely £500) to a scammer. More importantly, the agent identified a number of "red flags" that this was more likely than not a scam and explained them in clear terms to Mr V. At one point the agent says "*the more you're telling me, the more I'm saying this is a scam. Stay away from them*" after Mr V said the person he was dealing with had essentially told him to lie if the bank questioned him about the payments or what was going on. The agent also explained things that scammers would typically do to build a victim's confidence. I can see that Mr V said to the scammer several times after this that they weren't going to send any more money as he believed they were scamming him, and that he'd need evidence to convince him otherwise. And that he continued to send payments.

I agree with our investigator, given what happened when Halifax tried to intervene, that additional interventions wouldn't have made a difference. In the circumstances, given all the "red flags" including the ones that Halifax had pointed out, I agree that the refund given by Halifax was fair and reasonable and that it wouldn't be fair to ask Halifax to do more.

My final decision

My final decision is that I'm not going to ask Bank of Scotland plc trading as Halifax to do more than it has already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 4 January 2024.

Nicolas Atkinson
Ombudsman