

The complaint

Mr O is unhappy that Bank of Scotland plc trading as Halifax ("Halifax") won't refund money he lost as a result of a scam.

What happened

A business associate recommended to Mr O a trading company (that I'll call B). The associate appeared to be doing very well from her investment and claimed she had made a substantial profit and had made substantial withdrawals of their profits from her investment.

Mr O was introduced to a representative of B. The representative appeared to Mr O to be very credible. Mr O was signed up to a WhatsApp group that contained people who had also invested in this company.

Mr O agreed to invest and made a number of transfers to Coinbase totalling over £40,000. My understanding is that these were used to purchase dollars which he then forwarded on to B. After several months Mr O was not able to withdraw his "profits" and after some back and forth with B he discovered that his friend had also not been able to withdraw her profits and at this point Mr O realised he had in fact been scammed. Mr O believes Halifax didn't do enough to protect him.

He reported the matter to Halifax and it didn't think it had made an error, so declined his claim. He referred the matter to our service and one of our Investigators concluded that Halifax had questioned the payments and it had asked probing questions and the answers provided by Mr O allowed the payments to go through. So, she thought that Halifax had not done anything wrong and therefore the payments Mr O made should not be refunded.

Mr O didn't agree. As no agreement could be reached, the case was passed to me for a final 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 O has accepted he authorised the payments he made to Coinbase, so the starting point here is that Mr O is responsible for having made the payments. However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

There is no doubt that the payments made were unusual as they did prompt calls between Mr O and Halifax. During these calls Halifax warned Mr O about scams involving crypto exchanges such as Coinbase. Including that scammers would try and make someone send funds to a trading platform which was not legitimate and then keep the funds sent there.

Mr O in these calls confirmed he was investing on his own behalf, that nobody had access to his Coinbase account and that he knows what he is doing and takes full responsibility for it. I also note that during the latter calls Mr O was increasingly frustrated at these interventions from Halifax.

So overall I think that Halifax warned Mr O of the risks he was taking and that the answers he gave Halifax meant that Halifax did not need to do anything more.

I should also add that even if Halifax did go further, and I don't think they needed to. It's hard to see how Mr O would have been dissuaded from going ahead with the payments. Mr O was recommended the investment by a business associate. This associate said that she had made and withdrawn substantial "profits". Moreover, Mr O says that he asked a life-long friend who lived in Canada if he was aware of B (as it claimed to be based in Canada) and if it was a legitimate company and he was assured by his friend, who he says had expertise in trading, that the company looked legitimate.

Mr O has explained that as Halifax intervened in other transaction in the past he put less weight on the warnings given during these transactions. But I don't think Halifax over communicating the risks of scams is a reason why it should be liable for Mr O not heeding the warnings given.

So overall I can't ask Halifax to refund any of the transactions. I'm sorry Mr O has lost a considerable amount of money and I can understand why he would like to be compensated for his loss. I do accept Mr O has fallen victim to a sophisticated scam. But I can only consider whether the bank, which had no involvement in the scam itself, should be held responsible for what happened. For the reasons set out above I do not find Halifax can be held liable in the circumstances of this case.

My final decision

I do not uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 10 November 2023.

Charlie Newton
Ombudsman