

The complaint

Mrs H says she was the victim of a purchase scam and that Bank of Scotland plc, trading as Halifax, didn't do enough to stop that from happening or to recover her money.

What happened

Mrs H believed she was buying an airline ticket for £600 on 1 September 2022. She paid using her debit card and approved the payment using her online banking app. She did not notice the payee was not the travel company she thought she was communicating with, but a money transfer company. When she did not receive confirmation of the flight she realised she had been scammed and called Halifax.

It asked her to call back as the payment had not cleared, she did so and was told she would need to wait 15 days before a chargeback could be raised. 15 days later she was told a chargeback could not be raised as the money transfer company had provided the service it offered in line with its terms and conditions.

Mrs H says the money transfer company told her if Halifax had acted faster it might have been able to recover the £600. Halifax accepts it could have been clearer from the outset about the chargeback position but this wouldn't have changed the outcome.

Our investigator did not uphold Mrs H's complaint. She said the transaction was not out of character for Mrs H's account so Halifax did not need to intervene. The advice Mrs H received from the money transfer company about a refund was not correct.

Mrs H maintains that she could have rung the money transfer company and may have recovered the money if Halifax had not given her incorrect advice and made her wait two weeks.

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.

As a starting point, banks are expected to process the payment instructions of their customer – that is a primary obligation. But as a matter of good industry practice, where there are grounds to suspect that the payment instruction might be likely to result in financial detriment to a customer through fraud or scam, then I'd expect a bank to delay executing the instruction until the bank can reassure itself that such harm will not result.

I've considered whether the payment Mrs H made was one Halifax should have had particular concern about. I have reviewed Mrs H's bank statements from November 2021 to the date of this transaction. This transaction was not unusual for her account. There were other of the same or similar values.

So I'm satisfied that this payment would not have appeared to Halifax as likely to be fraudulent or part of a scam. This means I haven't found there are grounds for me to

conclude Halifax ought to have delayed fulfilling its primary obligation to make the payment in accordance with Mrs H's instructions.

It follows I don't think Halifax caused Mrs H's loss in failing to intervene when she made the first payment. I have then thought about whether Halifax could have recovered any of Mrs H's payment. As she made the payment using her debit card, the only potential recovery option would have been through the chargeback scheme.

The chargeback process is voluntary and run by the card scheme whereby it will ultimately arbitrate on a dispute between the merchant and customer if it cannot be resolved between them after two 'presentments'. Such arbitration is subject to the rules of the scheme — so there are limited grounds on which a chargeback can succeed or be deemed a 'valid claim'.

Our role in such cases is not to second-guess the card scheme rules, but to determine whether the regulated card issuer, so here Halifax, acted fairly and reasonably when presenting (or choosing not to present) a chargeback on behalf of its customer.

I can see that Halifax did not attempt a chargeback claim. It explained this was because the money transfer company had not failed to provide the service it sold. I think that decision was reasonable.

I therefore don't think Halifax could have recovered Mrs H's payment. Mrs H says had Halifax not told her to wait 15 days she might have been able to recover the money by calling the money transfer company herself. But I don't think she would have most likely been successful as she had made her payment into the scammer's account there, not an account she had control over. As I said previously, as she'd paid using her debit card the only potential recovery option for Halifax to consider was through the chargeback scheme.

I'm sorry Mrs H lost what was a very significant amount of money for her and I know this has been a stressful experience. But for the reasons I've explained, I don't think Halifax, who had no involvement in the scam itself, can be fairly held liable for the loss.

My final decision

I am not upholding Mrs H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 7 August 2023.

Rebecca Connelley
Ombudsman