

The complaint

Mr P complains that Bank of Scotland plc trading as Halifax did not fully refund the £2,700, he lost to a scam.

What happened

Mr P was looking to replace his van and searched on online marketplaces for a few months. He found an appropriate van and spoke with the seller, who he felt sounded trustworthy. He checked the registration online and asked the seller if he had a full-service history and they confirmed they did. He agreed to purchase the van and the seller asked him for a 50% deposit upfront, totalling £2,700. The seller asked for this to be paid via bank transfer as he did not accept Paypal. Mr P paid this on 13 June 2023.

He was given an address to pick the van up from, however, when he got there, he found that the occupant was not aware of the sale and the van was not at the address. He realised he had been the victim of a scam and raised a claim with Halifax. Halifax attempted to recover the funds from the beneficiary account, but unfortunately none remained. They then assessed Mr P's claim against the provisions of the Lending Standards Board Contingent Reimbursement Model ("CRM Code") which requires its signatories (like Halifax) to refund victims of authorised push payment ("APP") scams in all but a limited number of circumstances.

Halifax felt that Mr P did not meet his obligations under the CRM code, as they did not think he had a reasonable basis for believing that the fraudster was who he was expecting to pay, the payment was for genuine goods or services and/or the person he paid was legitimate. However, Halifax said that they had not met their requirements under the code either, so they agreed to refund Mr P with 50% of the loss, totalling £1,350. They paid this on 17 June 2023.

Mr P disagreed with the outcome and felt he should receive a full refund, so he referred the complaint to our service. Our Investigator looked into it and agreed that Mr P did not have a reasonable basis for believing the payment was going to who he expected or that it was for genuine goods or services. And they accepted Halifax had also not met their requirements under the code, so on balance they didn't agree Halifax needed to refund the remaining £1,350.

Mr P disagreed with the outcome in general as he felt he should receive the remaining refund. As an informal agreement could not be reached, the complaint has been 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.

The starting point under the relevant regulations and the terms of Mr P's account is that he is responsible for transactions he's carried out himself. However, as explained above, Halifax

are signatories to the CRM Code which gives additional protection to victims of APP scams.

Halifax has confirmed that they did not meet their requirements under the CRM code, as they did not provide an effective warning prior to the payment being processed. This means that Mr P should receive reimbursement as set out in the CRM code. As this has been accepted by Halifax, I don't think this needs to be discussed in more detail in this decision.

There are some circumstances in which a firm can decline reimbursement or reduce it if it can show that one of the exceptions set out in the code applies. In this case, Halifax is relying on one of those exceptions – that Mr P lacked a reasonable basis for believing that the payment was going to who he expected or that it was for genuine goods or services.

I've considered this point carefully and having done so, I don't think Mr P had a reasonable basis for believing that the van purchase was legitimate.

While it would be preferable to view a vehicle in person, I understand that this is not always possible, and that in this case, Mr P believed the van was around a three-hour drive away. So, I don't think it was unreasonable that he did not see the van physically before agreeing to purchase it. However, where this is the case, I would expect Mr P to carry out reasonable checks as a result.

Firstly, I've considered the vehicle itself in line with what Mr P understood about it. In doing so, I've reviewed the average price for the type of van he was attempting to purchase along with the general condition it was in. This shows it was roughly half the price of other comparable vehicles, which I would consider to be too good to be true. And I think this should reasonably have caused Mr P to proceed with caution and to carry out checks to ensure nothing untoward was happening. Especially as he had also not seen the van in person.

Mr P ran a check on the registration number for the van which confirmed it existed. However, this would not indicate that the seller actually owned the van. While I appreciate Mr P has said the seller confirmed he had the full-service history for the vehicle, I think it would have been reasonable for him to have asked to see this. Along with the V5 document that would indicate who the registered owner of the vehicle was. Mr P also could have asked for additional photographs or a video of the vehicle to satisfy himself that it was in the possession of the seller. However, Mr P did not see any of this and paid the deposit with no real indication that the seller had possession of the vehicle.

Mr P has said he was reassured by the fact the beneficiary account was also with Halifax. However, Halifax has confirmed that a warning would have appeared when Mr P attempted to make the payment, to let him know the name he input for the transfer did not match the name of the payee on the beneficiary account. On balance, I think this, along with the lack of information Mr P had that the seller actually owned the vehicle, should reasonably have been a warning to him that something was not right.

On balance, having carefully considered everything available to me, I don't think that Mr P had a reasonable basis for believing that this was a legitimate sale, and that the payment was going to who he expected. So, I don't think he met his obligations under the CRM code.

Because of this, I agree with the 50% reduction of the reimbursement, which Halifax has already paid to Mr P. And I do not direct Halifax to reimburse the remaining £1,350.

I note that Halifax did attempt to recover Mr P's funds from the beneficiary bank in a timely manner, once it was made aware of the scam. But unfortunately, none remained. On balance, I think Halifax acted promptly in trying to recover the funds so I don't think it has

made an error in the circumstances.

My final decision

I do not uphold Mr P's complaint against Bank of Scotland plc trading as Halifax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 22 March 2024.

Rebecca Norris
Ombudsman