

## The complaint

Mr H, a representative of a limited company that I will call C, complains that Lloyds Bank PLC, failed to refund money that C lost as part of an investment scam.

As Mr H was the person who dealt with the scammer, I will mainly refer to him rather than C for the sake of readability.

## What happened

Mr H came across a company that purported to be an investment firm but was actually a scammer that I will call D. Mr H was persuaded to make a number of payments from C's Lloyds account to an account that he held personally with a different institution. The funds were then sent to a crypto exchange and then sent to D.

The payments made from C's Lloyds account were as follows;

Transaction Number	Date	Amount	Type of payment
1	19 September 2023	£12,000	Transfer
2	21 September 2023	£10,000	Transfer
3	26 September 2023	£10,000	Transfer
4	2 October 2023	£10,000	Transfer
5	2 October 2023	£10,000	Transfer
6	3 October 2023	£10,000	Transfer
7	5 October 2023	£10,000	Transfer
8	6 October 2023	£15,000	Transfer
9	10 October 2023	£20,000	Transfer
10	12 October 2023	£5,000	Transfer

Mr H then tried to withdraw the "profits" that he had made and when he was unable to do so, D then stopped all contact with Mr H. It was at this point that he realised he had been scammed.

Mr H raised a complaint with Lloyds, as he believed that it should have stopped him from making the payments from C's account in question.

One of our investigators looked into this matter and they decided that the payments were not indicative of a scam and therefore should not have been stopped by Lloyds. He also did not think that the funds could be recovered via other means. He therefore did not uphold this complaint.

Mr H did not agree with these conclusions. So his complaint has been passed to me to issue 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.

Having done so, I agree with the conclusions reached by the investigator for the following reasons.

In broad terms, the starting position is that Lloyds is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.

But, taking into account relevant law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that Lloyds should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so, given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Lloyds sometimes does including in relation to card payments);
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

In this instance, the transactions were not in isolation large enough, and the pattern of spending was not sufficiently indicative of a scam, to be considered unusual or sufficiently out of character, compared to C's usual account activity, to have prompted an intervention from Lloyds. I note that the payments were comparatively large. But this account had been used to make large payments before - such as £22,000, £27,643.91, £12,302 and £17,496.53 earlier in the year.

I also should highlight that as this was a business account, it is not unreasonable for Lloyds to have expected larger payments to be made from the account, than if it were a personal account.

So taking everything into consideration, I do not think that Lloyds needed to have intervened and therefore I don't think it could have uncovered and prevented the scam.

I've also thought about whether Lloyds did enough to attempt to recover the money C. In this instance the transfers would not be covered by the Contingent Reimbursement Model ("CRM") as the payments were sent to an account controlled by the same party so they were not sent to another person.

So, whilst I'm sorry to hear about the losses incurred by C, I'm not persuaded that Lloyds can fairly or reasonably be held liable for C's losses in these circumstances.

### **My final decision**

My final decision is that do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 8 April 2025.

Charlie Newton  
**Ombudsman**