

## The complaint

S complains that Lloyds Bank PLC ('Lloyds') won't refund the money they say was lost as the result of a scam.

## What happened

In 2018, S found an investment. They say it involved purchasing shares in a property company which specialised in off-plan apartments. The plan was to construct and sell the property to international investors for a profit.

S says they were promised returns of 20% to 30% per year. S was given brochures and documents, but no longer has these. S searched online for the companies involved in the transaction and says they had professional websites and were listed on Companies House.

S made the following payments from their Lloyds account.

Date	Details of transaction	Amount
22.6.2018	Payment to D1	£3,000.00
29.6.2018	Payment to D2	£5,400.00
21.8.2018	Payment to S	£1.00
24.8.2018	Payment to S	£17,999
	Total loss	£26,400

S says the payments were for a reservation fee, a deposit and a furniture package. In September 2020, S realised something was wrong. Through a professional representative, they raised a fraud claim with Lloyds in 2024.

Lloyds declined to refund S, saying they have a civil dispute as the companies they paid appeared to have gone into administration.

S wasn't happy with Lloyds' response, so they brought a complaint to our service.

An investigator looked into S's complaint but didn't uphold it. The investigator wasn't satisfied that S had evidenced that they made the payments as the result of a scam. As S's payments were made in 2018, the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code) doesn't apply as it wasn't introduced until 2019. The investigator wasn't satisfied that even if Lloyds had intervened when S made the payments, that they would've been concerned or shouldn't have followed the payment instructions.

S disagreed with the investigator's opinion, referring to the CRM Code's definition of a scam. S also referred to the Fraud Act 2006, saying there was fraud by false representation. S felt if Lloyds had intervened when the payments were made, they should've identified red flags and not followed the payment instructions. This included having made a payment to a dormant company and making payments to multiple payees for the investment.

As the case couldn't be resolved informally, it was passed to me to review.

## **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 Lending Standards Board's Contingent Reimbursement Model Code (CRM Code) was introduced in May 2019 and can't be applied retrospectively. So, I can't apply it to S's payments that were made in 2018.

In broad terms, the starting position in law is that Lloyds are expected to process payments that a customer authorises it to make, in accordance with the terms and conditions of the customer's account and the Payment Services Regulations 2017 (PSR's).

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in light of the available evidence.

I'm really sorry that S has suffered a significant loss and to hear of the serious impact it has had on their health. I understand that they have lost their life savings, which has been extremely distressing.

But, having carefully considered the evidence, I've reached the same answer as the investigator. I'll explain why.

### Did S make the payments as the result of a scam?

In order for me to hold Lloyds liable for the loss S experienced, I need to be satisfied that S suffered the loss as the result of a scam. I can't hold Lloyds liable for losses incurred as the result of a failed investment, or a failed firm/s.

I appreciate that it has been a number of years since S made the payments and that they've changed their phone. But they are unable to provide any evidence of what the agreement was between them and the three companies that they made payments to.

I can see that D2 was a UK incorporated company set up in 2014 which listed its business as "retail of furniture". In June 2023 there was a court order to wind up the company and a liquidator was appointed in September 2023. S was also a UK incorporated company set up in 2014, with a liquidator appointed in March 2023. Information online says that D1 was a property development company. All of this information, in the absence of documentation or communication from 2018 when S made the payments, suggests that these were legitimate companies which have failed.

Based on the evidence, I'm not persuaded that S suffered their loss as the result of a scam.

### Should Lloyds have prevented S's loss?

There is an expectation for Lloyds to be on the lookout for, and to protect its customers from, potentially falling victim to fraud or scams. This includes monitoring accounts and identifying suspicious activity that appears out of character. Where potential fraud is identified, I would expect Lloyds to intervene and attempt to prevent losses for the customer.

However, even if Lloyds should've intervened when S made the payments, I'm not satisfied that it's more likely than not it would've prevented their loss.

I say this because Lloyds wouldn't be expected to delve into the companies S was paying, only to ask reasonable questions about why they were making the payments, what research they had completed on the payees, how they had got the payment details and then probed if S provided any concerning answers.

Based on the information available, I'm not persuaded that Lloyds would have been concerned or should've refused to follow S's payment instructions.

I'm sorry to disappoint S but, based on the evidence, I'm not satisfied that I can fairly hold Lloyds liable for S's loss or ask them to refund S.

### **My final decision**

My final decision is that I don't uphold this complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 5 March 2025.

Lisa Lowe  
**Ombudsman**