

## **The complaint**

Mr H unfortunately fell victim to an investment scam.

He complains that Lloyds Bank PLC allowed an account to be opened by a scammer and would like it to refund him the money he paid to the account the scammer held with Lloyds.

## **What happened**

In July 2023, Mr H was unfortunately scammed out of his money by an individual offering investment in cryptocurrency.

He was tricked into sending £7,750 in several payments from his account with another high street bank to an account held with Lloyds.

Once he realised he had been scammed, he reported this to his bank, and it agreed to refund him 50% of his losses.

Mr H then made a complaint to Lloyds. He says that it should be liable for the remaining loss, as it allowed a scammer to open an account and be used for fraudulent purposes, and that it should have done more to protect his money.

Lloyds didn't uphold his complaint, it said that it had no concerns over the account prior to receiving communication from Mr H's bank when it tried to recover the funds, and that by the time it was notified, none of Mr H's money remained in the account.

Unhappy, Mr H brought his complaint to this Service. Our Investigator looked into things but didn't think that the complaint should be upheld.

Mr H asked for an Ombudsman to make a final decision. So, the complaint has been passed to me.

## **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'm not upholding this complaint for broadly the same reasons as our Investigator.

I know that this will be very disappointing for Mr H, however, being the victim of a scam doesn't automatically entitle Mr H to a refund from the bank that received his money.

Lloyds has signed up to the Lending Standard Contingent Reimbursement Model (CRM) Code. The CRM Code sets out what is expected of the 'Sending Firm' and 'Receiving Firm' (in this case Lloyds) when payments are made or received.

In summary, the obligations for the receiving firm state that firms should:

- Take reasonable steps to prevent accounts from being used to launder the proceeds of Authorised Push Payment (APP) scams.
- Have procedures to prevent, detect and respond to the receipt of funds from APP scams; and
- Where the receiving Firm identifies funds where there are concerns that they may be the proceeds of an APP scam, it should freeze the funds and respond in a timely manner.

So, with this in mind, I have carefully considered Lloyds's obligations here.

Lloyds has shared information with this Service as part of its obligations under the CRM code which has allowed me to investigate Mr H's complaint – however I am limited to what I can share with Mr H due to Data Protection laws, as this information is confidential. However, I would like to reassure him that I have carefully reviewed all information provided before issuing my decision.

Complaints about receiving banks came into our jurisdiction from 31 January 2019. I've seen evidence from Lloyds to show that the recipient bank account was opened before 31 January 2019 – and had been for some time. This means I'm not able comment on whether there were any failings by Lloyds when the account was opened.

However, I've gone on to consider whether the activity on the recipient bank account ought reasonably to have caused Lloyds any concern. From the information provided, I don't think there was anything relating to the activity on the account that should have prompted Lloyds to have any concerns prior to being notified that Mr H was reporting to it that he had been the victim of a scam – the account had been open for many years, and there had been no previous reports of the account being used for fraudulent purposes.

Finally, I've considered Lloyds's actions on receipt of notification of the scam from Mr H's bank. From the information I have seen the money was withdrawn on receipt - and by the time Lloyds was made aware of the situation, none of Mr H's funds remained in the account for Lloyds to recover for him.

I am very sorry for the situation Mr H finds himself in – I understand that he has been the innocent victim of a scam and has lost a lot of money as a result. But the loss he has suffered has been caused by the scammer, and I can't reasonably ask Lloyds to refund him when I don't think there was anything it could have done to prevent the loss.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 20 August 2024.

Claire Pugh  
**Ombudsman**