

The complaint

H is a limited company and Mr A is a director of it. He complains on H's behalf, disagreeing with Lloyds Bank PLC's decision to not reimburse losses to a scam.

What happened

Mr A says he was told about an investment opportunity by a friend in June 2020. His friend said he'd successfully invested himself, as had others within their community. The proposal was for an investment in forex through another individual – I'll refer to them as Mr B – who claimed to run an investment firm.

Mr A has said he was persuaded to invest because there was a convincing website and there was so much positive feedback within the community.

Mr A applied for a government Bounce Back Loan to the value of £50,000 on behalf of H. When these funds credited H's account, he sent a total of £30,000 to Mr B, expecting to start receiving returns shortly thereafter. But no money was ever received.

Mr A has explained that he, along with other investors, came to realise they'd been scammed by Mr B.

Complaints were raised with three different banks, but not until February 2024. H complained to Lloyds, which held the account its money was sent from. It also raised complaints against the two banks the money was sent to. None of them upheld the complaints and declined to return any of H's losses.

H's complaints were then referred to this service with the assistance of a claims management service. One of our investigators considered them together and said there was nothing further for any of the banks to do. She said there was very little evidence to establish a scam had taken place, and on that basis couldn't recommend a refund to H.

H disagreed and so the complaints have 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.

Having done so, I'm reaching the same outcome as our investigator and for broadly the same reasons.

The starting point at law is that an account holder – here H – is responsible for any transactions made from their account which are properly authorised. This is set out in the Payment Service Regulations (2017) and confirmed in H's account terms and conditions. There's no dispute here that the transactions were properly authorised.

There are, however, other considerations that might apply to complaints involving a scam, through the application of best practice and industry standards. There is also the Lending

Standards Board's Contingent Reimbursement Model (CRM) Code, which can apply to some payments made as a result of a scam.

But here, like our investigator, I'm not satisfied there is enough evidence to establish a scam or any of the specifics that might surround it. H has been unable to provide any evidence to confirm what was agreed or what was expected from the investment. There is no record of any correspondence or communications with anyone connected to the alleged scam. There's no paperwork, agreements, or literature. It's unclear on what terms H expected returns to be paid, over what period, and to whom.

H's representatives have pointed to other victims of the scam, some of whom have complained to our service and have been refunded, as evidence of the scam. I must consider H's complaints on its own merits. But even if I were to generally accept that Mr B had scammed other people, there remains no evidence to connect H to the same scam.

I've taken into account what information I can from the receiving banks too. That is the two banks to which H's funds were sent. But there's little to no evidence there to show H was the victim of a scam at the hands of Mr B.

I appreciate H – or Mr A as its director – may not have thought to gather evidence of a potential scam at the time payments were made. But I can't fairly and reasonably tell Lloyds to refund H here, when there is fundamentally so little evidence to show a scam has taken place.

There are some other case considerations that I've not delved into here: some of what's been said points to the investment being for personal gain, but where payment was made from a business account; the issue of using a government Bounce Back Loan to fund a speculative forex investment. I've not gone on to investigate or make findings on those points further as the scam evidence is the more major issue here, and sees the complaint not upheld irrespective of findings on those other points.

My final decision

I don't uphold this complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask H to accept or reject my decision before 15 April 2025.

Ben Murray
Ombudsman