DRN-4913106

The complaint and background

Mr C complains Lloyds Bank PLC ("Lloyds") won't reimburse £3,250 that he lost when he fell victim to an investment scam in 2019.

Our investigator didn't uphold the complaint. He noted that evidence from Lloyds states there was a discussion in branch at the time of the first disputed payment. While he didn't know the precise conversation that took place at the time, the notes stated that Mr C was making the payment as part of an investment and, as a result, scam warnings were discussed and a leaflet about common scams provided. From the limited evidence available, he didn't think it would be fair to hold Lloyds liable – he was persuaded the payment was discussed and Mr C was made aware of risks involved in making the payment.

Mr C's representative asked for the matter to be referred to a decision. It said Lloyds hadn't done enough to protect Mr C, especially given that the payment was international, that it was for investment purposes and because of its size. It provided a list of questions it thinks should have been asked and said Lloyds should have escorted Mr C to a private room, notified the branch manager and run checks on the investment company to determine its validity.

So the complaint has been passed to me to decide.

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 taken into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, I agree Lloyds ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

As Mr C made the first disputed payment in branch, which was for £3,000, Lloyds had the opportunity to query it. Mr C said that he'd made Lloyds aware he was making the payment for online trading and was asked no further questions. Conversely, Lloyds said it had a conversation with Mr C around scam warnings and provided a leaflet about common scams. It has provided notes made by the branch in January 2019 which detail that Mr C was sending the money for trading, so he was advised about fraud and potential scams.

As the transaction took place around four years before the complaint was raised, I accept Mr C's recollections have likely faded over time. I can see no reason the branch staff at the time would have recorded inaccurate notes, so I'm placing more weight on these as a reflection of the conversation that took place.

I'm not persuaded that Lloyds ought to have found the payment suspicious, such that it ought to have probed further than it seemingly did. I accept the payment was an international payment for trading purposes but that doesn't mean it should automatically be treated as suspicious, particularly when there were no other concerning factors about the payment.

On balance, I think it likely that Lloyds spoke with Mr C and gave warnings that were proportionate to the level of risk involved.

The next (and final) payment was for £250. This was made over a week later by faster payment and didn't involve Mr C speaking with an adviser. Lloyds didn't intervene with this payment but, given its relatively low value and previous account activity, I wouldn't have expected it to.

So, whilst Mr C has been the victim of a cruel scam, I can only uphold his complaint if I'm satisfied there was a failing on Lloyds' part and that this failing made a material difference to what happened. For the reasons given, I'm not persuaded that's the situation here. So, on the basis of the evidence available on this particular case, I don't think it would be fair to hold Lloyds liable.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 9 May 2025.

Melanie Roberts
Ombudsman