

The complaint

Mr and Mrs S complain that Lloyds Bank PLC “Lloyds” didn’t do enough to protect them when they made two payments for a property investment opportunity, which they now consider was a scam.

What happened

Mr and Mrs S made two payments from their Lloyds account towards a property development investment with ‘H’, a £10,000 transfer in May 2018 and a £20,000 cheque in November 2019. Mr and Mrs S now say the investment was a scam and Lloyds should’ve done more to protect them at the time they invested.

Lloyds didn’t uphold Mr and Mrs S’s complaint and said this was a civil dispute between them and H. They came to our service, but our investigator also didn’t uphold their complaint for the same reasons, saying there wasn’t evidence they had been scammed. Mr and Mrs S, via a representative, asked 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.

This includes the recent documentation sent to us, after the investigator’s original assessment.

Firstly, I should explain that neither payment falls under the ambit of the Contingent Reimbursement Model Code (CRM Code). The first one took place prior to its introduction and the second was by cheque which is not covered by the CRM.

In broad terms, the starting position in law is that a business 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.

There are, however, some situations where we believe that businesses, taking into account relevant rules, codes and best practice standards, shouldn’t have taken their customer’s authorisation instruction at ‘face value’ – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Lloyds should have been on the look-out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (amongst other things) though. And, in some circumstances, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment.

I have not been provided with bank statements so I cannot say if the payments would have looked unusual. So I will consider what would have happened if they were unusual and Lloyds intervened during each payment.

That said, I'm not persuaded the kind of information I'd expect Lloyds to have shared/discussed with them when the payments were made would've prevented the payments from being made.

H was a legitimately registered company at the time Mr and Mrs S paid into it. We're aware that H provided promotional literature which had both persuasive and comprehensive information for investors - setting out how it operated, and the returns expected. So it seems highly unlikely that a conversation with Lloyds would've prevented Mr and Mrs S going ahead with the investment when they were aware of this kind of information. And there also wasn't anything obviously concerning about H available in the public domain at the time of the payments.

I haven't seen information that indicates Lloyds ought to have stopped the payments to H at the time Mr and Mrs S were making them. And I doubt that any warning from Lloyds at the time would've put them off from making the payments. So I see no reason to uphold this complaint.

My final decision

For the reasons set out above, I don't uphold Mr and Mrs S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 8 May 2025.

Charlie Newton
Ombudsman