

The complaint

Mrs S complains that Lloyds Bank PLC has not refunded the money she lost to what she believes was a scam.

Mrs S is represented in this complaint by a solicitor, but for simplicity I have referred to Mrs S throughout this decision, even when referencing what her representatives have said on her behalf.

What happened

Mrs S was looking to organise a new visa for herself. Someone her husband knew recommended a company that could assist with the visa application process, I'll call that company 'V'. Mrs S paid V £3,000 on 24 July 2023, and expected to receive the visa within around a week, but the visa did not materialise. V initially told Mrs S that there were problems with their bank account, and that they would be refunding her but ultimately Mrs S did not receive a refund of the money she had sent to V.

Mrs S contacted Lloyds to tell it that she believed she had been scammed. Lloyds looked into what had happened, but did not feel it was liable for any of Mrs S's loss. It said this was a civil dispute between Mrs S and V.

Unhappy with Lloyds' response, Mrs S brought her complaint to this service and one of our investigators looked into things. But having thought carefully about the evidence available, they thought that this was most likely a civil dispute between Mrs S and V, meaning that Mrs S would not be entitled to a refund of the loss.

Mrs S disagreed with the Investigator's findings, she feels that the evidence shows V was not acting legitimately. As no agreement could be reached this complaint has been passed to me for 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.

Having done so and having thought very carefully about all the evidence provided by both parties, I agree with the findings set out by our investigator. I do appreciate how disappointing this will be for Mrs S but, whilst I'm sorry to hear of what's happened, and appreciate the significant impact this has had on her, I don't think I can fairly hold Lloyds liable for Mrs S's loss.

This is because not all cases where individuals have lost sums of money are in fact fraudulent and/or a scam. So, whilst I understand that Mrs S feels she has been the victim of fraud, there is a high legal threshold or burden of proof for fraud and there are a number of potential reasons (other than fraud or a scam) for a dispute to exist between two parties.

When considering what is fair and reasonable in this case, I've thought about the Contingent Reimbursement Model Code (the CRM Code) which Lloyds has signed up to and which was in force at the time the relevant payment was made. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam. So, I've thought about whether the CRM code applies in the circumstances of this complaint, and whether Lloyds therefore ought to reimburse Mrs S under the provisions of the CRM Code.

The CRM Code only applies in very specific circumstances – where the customer has been the victim of an APP (authorised push payment) scam. Under the CRM Code, an APP scam is defined as:

“...a transfer of funds...where (i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or (ii) The customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.”

The CRM Code is also quite explicit that it doesn't apply to all push payments. It says:

“DS2(2) This code does not apply to:

(b) private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier.”

Fraudulent isn't defined in the CRM Code, but as the CRM Code specifically excludes civil disputes, I think I need to consider, as a first step, whether this was a scam (where a scammer takes money from a customer for no legitimate purpose) or a civil dispute (where a payment is made to a legitimate trading company or business, but there is some dispute about the goods or services that should have been supplied).

If this was a scam, or fraud – then banks (including Lloyds) must follow industry and regulatory guidance, including the CRM Code, to check certain payments and in some circumstances, protect customers by stopping the payments and contacting customers about them. And where banks haven't followed the guidance, they can be asked to refund them. But where payments are made to a legitimate business for a legitimate reason, then such principles don't apply. This is then classed as a civil dispute, and for which banks normally have no liability.

Having thought very carefully about all that Mrs S has said, and about the evidence provided by all parties to this complaint, I'm not persuaded that I can safely say with any certainty, based on what I know and what the evidence shows, that V set out with an intent to defraud Mrs S.

I say this for the following reasons:

- V appears to have been a legitimate business, which had been operating for several years, and which was registered on Companies House.
- Mrs S has told us that V was recommended to her by someone her husband knew who had successfully received a visa from V.
- V's account statements do suggest it was carrying out transactions that one might expect from its stated business.
- V's bank has told us it had received no other scam claims against V.

All of this leads me to consider that V was more than likely operating as a legitimate business. I acknowledge that V ultimately did not provide the services agreed, nor did it refund Mrs S's funds, but there are many reasons, other than fraud, why a legitimate business may be unable to provide the services it has promised or refund a deposit. A business may act unprofessionally but still be carrying out legitimate business, or it may get into financial trouble and be unable to meet its obligations to customers. I also acknowledge that V does not appear to be on the Home Office register of immigration advisers. But there are various reasons why that may be the case. And this service isn't in a position to forensically analyse V's actions here; we must consider the evidence that is before us. And, in doing so, I've not seen persuasive evidence that V set out to defraud Mrs S.

I know this will be a huge disappointment to Mrs S. I appreciate how strongly she feels about this case, and that she has lost a significant amount of money here. But for the reasons I've explained above, I do not consider that the payment in dispute here is covered under the CRM Code, or that it would be fair to hold Lloyds responsible for the money lost under any of the other relevant regulations or guidance.

My final decision

I do not uphold this complaint.

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

Sophie Mitchell
Ombudsman