

The complaint

Mr H is unhappy that Lloyds Bank Plc (“Lloyds”) didn’t reimburse him after he fell victim to a visa scam.

The account where the funds were paid from is held jointly by both Mr and Mrs H. However, as it was Mr H who made the payment under discussion here, I will only refer to him throughout this decision.

What happened

In July 2023, Mr H fell victim to a visa scam. He was looking to obtain a Certificate of Sponsorship (“CoS”) visa for his sister. Mr H’s sister had found a company online who purported to help people obtain this type of visa and so Mr H reached out to them via text-messaging service. For ease, I will refer to this company as Company C.

Company C immediately asked Mr H to pay an upfront fee. However, before paying the fee, Mr H asked if he could meet with a representative of the company in person first to discuss the process. The director of the company then arranged to meet with Mr H at their home.

Mr H was told his sister would be found a work placement via Company C who would arrange the CoS visa and flights to the UK but Mr H would need to pay £2,000 to cover the costs. Mr H made this payment on 5 July 2023. Unfortunately, the company Mr H had been dealing with was not legitimate and no visa was arranged. Mr H realised he’d likely been the victim of a scam when his number was blocked. Mr H then contacted Lloyds in September 2023 to ask for a refund of his lost funds.

Lloyds looked into what had happened to Mr H, but it didn’t agree to refund him the amount he had lost. It said Mr H didn’t take enough steps to check that the person he was paying was legitimate before authorising the payment from his account.

Unhappy with Lloyds’ response, Mr H referred his complaint to this service.

Mr H’s complaint was looked at by one of our investigator’s but they didn’t recommend it be upheld. They felt it was reasonable for Lloyds to conclude Mr H didn’t have a reasonable basis for believing he was paying a genuine business for a legitimate service when he authorised the scam payment. So, they didn’t think Lloyds needed to provide Mr H with a refund of the amount lost now.

Mr H disagreed with the investigator opinion. He said he’d done all he could to verify that he was dealing with a legitimate business. As an informal agreement could not be reached, the complaint was 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.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, Lloyds has agreed to follow the Lending Standards Board's Contingent Reimbursement Model Code ("the CRM Code"). This code requires firms to reimburse customers who have been the victims of authorised push payment ("APP") scams, like the one Mr H fell victim to, in all but a limited number of circumstances.

So, I've considered whether Lloyds should reimburse the funds Mr H lost in line with the provisions of the CRM Code and whether it ought to have done more to protect Mr H from the possibility of financial harm from fraud.

As I've said above, the CRM Code requires firms to reimburse customers who have been the victims of Authorised Push Payment (APP) scams, in all but a limited number of circumstances. Lloyds is relying on the following exception to reimbursement:

"The customer made payments without having a reasonable basis for believing that the payee was the person the Customer was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate."

It is for Lloyds to establish that it can rely on this exception to reimbursement, and in the particular circumstances of this case, I think it has. I'll explain why:

- the way the visa was being arranged appeared unusual. It was being organised via a text messaging service and a personal home address. Lloyds says Mr H later told it he would feel uncomfortable visiting the address again. I'm not persuaded that any of this supports that what was being offered here was a legitimate service.
- Mr H wasn't able to externally verify anything that Company C had told him. The company had no online presence and whilst I appreciate Mr H says he checked Company C's listing on Companies House, this didn't verify that it was able to legitimately provide visa services – its profile made no mention of that at all. In fact, there wasn't any independent information that verified Company C was able to legitimately offer visa services or arrange work placements as agreed. I've reviewed the messages exchanged between Mr H, his sister and the scammer and it appears to have been accepted at face value that a visa could be provided without external verification.
- When Mr H contacted the scammers via text-messaging service to discuss the visa, he was immediately sent the scammers bank details. No questions were asked about the potential applicant, their relevant skill set or requirements.
- At the time of making the payment, Mr H hadn't been provided with any paperwork to support the sponsorship process had been entered into or what was being offered. Given that an official visa application was supposedly being processed, I would have expected significant formal paperwork to have been completed.

Overall, I'm satisfied Mr H should've had concerns from the outset. I'm not satisfied that it was plausible that a legitimate, professional visa application could be processed via text message, without the necessary paperwork, in someone's home. Essentially, Mr H had been asked to pay a not insubstantial sum to the account of someone who he was unable to externally verify, and he had no way of knowing whether this person could legitimately provide the service they were offering. Overall, I'm satisfied that the arrangement should have struck him as odd and this should've lead to a greater degree of checking on his part.

Given the particular circumstances of this case and the sums involved, I'm not satisfied Mr H's actions were reasonable and I'm satisfied Lloyds has demonstrated that it can fairly rely on an exception to reimbursement under the CRM Code.

I've thought about whether Lloyds could've done more than it did to recover Mr H funds when he reported the scam, but I don't think it could. Lloyds has provided evidence that supports that it reached out to the beneficiary bank when Mr H reported the scam, but the funds had already been removed from the beneficiary account.

Finally, I want to say how sorry I am to hear about what happened to Mr H. I've a significant amount of sympathy for the circumstances he has found himself in. I know he was trying to help his sister find work and I understand why he feels strongly that Lloyds should offer him a refund now. But ultimately, I don't think Lloyds has acted unreasonably in not upholding his complaint and so I won't be asking it to do anything further.

My final decision

My final decision is that I do not uphold this complaint about Lloyds Bank PLC.

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 25 April 2025.

Emly Hanley Hayes
Ombudsman