

The complaint

Mr A complains that Lloyds Bank PLC didn't do enough to protect him when he made a payment to a property investment scheme he now says was a scam.

What happened

In February 2019, Mr A made a £10,000 payment to company 'H' which he now alleges was a scam investment firm. He complained to Lloyds about this payment via a representative in 2024 and requested a refund of the remaining amount sent, as he'd received some returns from H. Mr A says this was a Ponzi scheme and his money was never used in the way he agreed.

Lloyds didn't uphold Mr A's complaint. It determined this was a civil dispute between the parties.

Mr A came to our service, but our investigator didn't uphold Mr A's case. He said there wasn't sufficient evidence that H was a scam or evidence to suggest Lloyds should've had any concerns at the time of the payment. Mr A's representatives asked for an ombudsman to reconsider his case.

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.

Firstly, I should highlight that the payment was made prior to the introduction of the Contingent Reimbursement Model Code (CRM Code) – which came into effect on 28 May 2019. The CRM Code can't be applied retrospectively, so it doesn't apply to this transaction.

I've considered longstanding regulatory expectations and requirements, and what I consider to be good industry practice for firms when processing payments. In line with this, Lloyds ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

Looking at Mr A's transaction history I think that the payment in question should have been flagged and questions asked about it as it was larger than the payments Mr A usually made.

However, I don't consider that any proportionate conversations would've changed Mr A's decision to invest. I'm not persuaded the kind of information I'd expect Lloyds to have shared/discussed with Mr A would've prevented the payment from being made.

H was a legitimately registered company at the time Mr A made the payment. I'm also aware that H provided its investors with promotional literature for the investment. From what I've seen, this was persuasive and comprehensive information for investors which set out how it operated, and the returns expected. It seems highly unlikely that a conversation with Lloyds would've prevented Mr A going ahead with the investment when he'd have seen this kind of information. And there also wasn't anything in the public domain that was obviously concerning about H available at the time of the payment.

I recognise Lloyd's ought to have asked Mr A questions to understand the nature of the payment and to ensure he had researched the investment opportunity before committing such a large sum of funds. But it wasn't for Lloyds to analyse in detail the documentation provided to Mr A; to analyse the risks involved in the specific investment; or to provide investment advice. And I haven't seen information that indicates anything Lloyds could've discussed or shared with Mr A at the time of the payment that would've likely prevented him from going ahead. So I'm not directing Lloyds to refund Mr A anything, as I don't think it's responsible for his loss.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 5 May 2025.

Charlie Newton
Ombudsman