

The complaint

Mr B (a director) complains on behalf of a limited company 'D', that Lloyds Bank Plc didn't do enough to prevent the losses suffered when he says D was the victim of a scam.

Mr B has used a representative to bring his complaint. But, for ease of reading, I'll mostly just refer to Mr B himself where I also mean his company D and his representative.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide an overview of some of the key events here. In August and September 2018 Mr B made two payments (each for £100,000) from his Lloyds account. At the time he says he believed he was investing into loan notes with a property development company 'H'. H later went into administration and Mr B now believes they were operating a scam. He doesn't think Lloyds did enough to protect him from this and is seeking reimbursement for his loss.

Lloyds didn't think they'd done anything wrong, their complaint response said they considered the payments to H to be a failed investment rather than a scam. Mr B referred his complaint to our service and it was considered by one of our Investigators. She likewise wasn't persuaded that Lloyds needed to do more and supported the position they'd taken. Mr B disagrees and has asked for an Ombudsman to make a 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.

Having done so, I've reached the same overall outcome as our Investigator and for broadly similar reasons.

The Lending Standards Board's Contingent Reimbursement Model (CRM Code) was a voluntary scheme through which victims of certain scams could sometimes receive redress from the banks involved. Lloyds were a signatory to the CRM code and so it is potentially relevant here. However, the CRM code was launched on 28 May 2019 and it specifically wasn't retrospective. And as both of Mr B's payments to H took place before that date, it can't be used to expect more from Lloyds. And even if that weren't the case, the CRM Code still only applies to payments that were made as a result of an Authorised Push Payment (APP) scam, something I'll come to in more detail below.

Lloyds are required to do what they reasonably can to protect their customers from financial harm due to fraud and scams. But they don't have to intervene in legitimate payments. In short, if there is no scam to protect against, then I can't fairly criticise them for not intervening in payments on that basis.

I've therefore considered whether the payments Mr B made can be said to be as a result of an APP scam. Having done so, I don't think they do. I'll explain why.

To determine if Mr B has been the victim of a scam, I have to consider if the intended purposes of Mr B and H were broadly aligned and, if not, whether this was the result of dishonest deception on the part of H.

Based on the evidence available to me, it appears Mr B was intending for the funds to be invested in building projects. I've seen evidence that three major building projects were completed by H. They also had other projects ongoing, although these later had to be sold to other developers after they entered financial difficulty. On balance, I think this supports that H was most likely a legitimate company involved in legitimate building projects and I think it's unlikely a scam company would have completed three large scale building projects at significant cost in order to entice more funds from investors. On balance, I think H's intended purpose for the funds aligned with Mr B's, and nothing I have seen persuades me that H intended to defraud him. Instead, I think it's more likely this was a failed investment. I therefore think Lloyds acted reasonably when they treated the case as a civil dispute.

But even if I make several assumptions in support of Mr B's position (which for clarity I don't agree to be the case), that this was a scam and that the payments were so unusual / suspicious that Lloyds should've intervened, this still wouldn't impact my thoughts on the overall outcome here.

Firstly, I think it's important to note that as fraud and scams have sadly become more and more prevalent, the expectations on banks have generally increased over the years. But, it wouldn't be fair for me to apply today's standards to Lloyds' actions back in 2018. In August 2018 there was media reporting of a very large project that H were involved with in Newcastle. This went on to be successfully completed. I don't think any level of warnings or questions that could reasonably have been expected from Lloyds in August or September 2018 would've resulted in Mr B discovering an alleged scam or not going ahead with his payments. Had he been prompted to have asked more questions of H, I think they would've had ample evidence of the legitimacy of their ongoing major project. And it's more likely than not Mr B would've wanted to proceed in any case. So, I don't think I could fairly say Lloyds were responsible for his loss arising from those payments (even if I were to accept H as a scam). And given I'm supportive of Lloyds treating this as a civil dispute, I don't think there was anything they reasonably could've done to recover Mr B's funds once aware of his allegation.

I'm of course sorry to hear Mr B has lost the money he has, but as I don't think this is something Lloyds are responsible for, there isn't a reasonable basis upon which I can require them to do more to resolve this complaint.

My final decision

For the reasons outlined 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 D to accept or reject my decision before 19 March 2026.

Richard Annandale
Ombudsman