

The complaint

Mr G complains about Lloyds Bank PLC.

He says that he has been the victim of a scam and would like Lloyds to refund him the money he has lost as a result.

What happened

In April 2019, Mr G made payments totalling £30,000 to a company I will refer to as HSG.

However, Mr G now says that HSG was operating as a scam – and he has lost his money. Mr G made a complaint to Lloyds about the investment through a third party and said that it should have done more to protect him.

Our investigator looked into things, but didn't think that Mr G's complaint should be upheld.

Mr G and his representatives asked for an Ombudsman to make a final decision, so the complaint has been passed to me.

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.

It isn't in dispute that Mr G authorised the payments he made to HSG. Because of this the starting position – in line with the Payment Services Regulations (PSR's) 2017 – is that he is liable for the transactions. But he also says that he has been the victim of an authorised push payment (APP) scam.

The payments Mr G made were prior to the introduction Lending Standards Board's Contingent Reimbursement Model ("CRM") Code on 28 May 2019. The CRM Code can't be applied retrospectively, so it doesn't apply to these payments.

However, this doesn't alter the fact that at the time, Lloyds should also have been on the look-out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). And, in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment.

Looking at the payments Mr G made, I think that arguably there was justification for Lloyds to have gotten in touch with Mr G before processing the payments – and there is no evidence that it did so. However, in order for me to uphold this complaint, I would have to think that an intervention regarding the payment would have prevented the loss that Mr G has suffered and I'm afraid that I don't think it would.

I can't uphold Mr G's complaint about these payments solely on the basis that Lloyds ought reasonably to have intervened. I need to go on to consider causation – whether suitable

intervention would have made a difference to Mr G's decision making and therefore Lloyds could have reasonably prevented the loss.

However, I'm not persuaded that if Lloyds asked Mr G the kind of questions I'd have expected it to, it would have had any concerns, or that the payment would not have been made. I would need to find not only that Lloyds failed to intervene where it ought reasonably to have done so — but crucially, I'd need to find that but for this failure any subsequent loss would've been avoided.

Lloyds' role here was to make the payments that Mr G had told it to make. Mr G had already decided on that investment. And I find that Lloyds couldn't have considered the suitability or unsuitability of a third-party investment product without itself assessing Mr G's circumstances, investment needs and financial goals.

Taking such steps to assess suitability without an explicit request from Mr G (which there wasn't here) would've gone far beyond the scope of what I could reasonably expect of Lloyds in any proportionate response to a correctly authorised payment instruction from its customers.

That said, I think it would've been proportionate here for Lloyds, as a matter of good industry practice, to have taken steps to establish more information about this payment. What matters here is what those steps might be expected to have uncovered at the time.

HSG was a legitimate company, that at the time the payment was made, was paying returns to other investors and there was nothing in the public domain at the time to suggest Lloyds should have been concerned that Mr G might be falling victim to a scam – so even if it had got in touch with him, I don't think that it would have had any concerns about what Mr G was doing.

Many of the concerns Mr G has raised have come to light after the payments left his account. And it wasn't for Lloyds to analyse in detail the documentation provided to Mr G or to provide investment advice.

I also don't think that at the time Mr G reported to Lloyds that he thought he had been scammed that there would have been any possibility for Lloyds to have tried to recover any of the funds he sent to HSG.

I have a great deal of sympathy for Mr G. But it would only be fair for me to direct Lloyds to refund any loss if I thought it was responsible – and I'm not persuaded that this was the case.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 18 June 2025.

Claire Pugh
Ombudsman