

## **The complaint**

Mr D 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 2014, Mr D invested £7,800 into a company I will refer to as 'E'. Our Investigator said that some of the money came from Lloyds, with it being unclear where the remaining funds came from – however Mr D says that all the funds came from his account with Lloyds. In any event, the source of the funds is not relevant here, as these funds are not what is being complained about here.

Unfortunately, the investment didn't go as planned.

In June 2019, Mr D received a call from another company called 'C'. It explained that it could recover his lost investment, but that Mr D would need to pay administrative fees before the funds would be released within two weeks.

Mr D made three payments from his account with Lloyds as follows:

- 4 June 2019 - £1,250
- 14 February 2020 - £800
- 26 February 2020 - £400

Mr D says he also made a payment from his credit card with another provider.

Unfortunately, Mr D had fallen victim to a recovery scam.

He complained to Lloyds about what happened, which it considered under the Lending Standards Contingent Reimbursement Model code (CRM Code) but declined to refund him. It said that Mr D didn't have a reasonable basis for belief that C was legitimate.

Our Investigator looked into things, but also didn't uphold his complaint. They said that Lloyds didn't need to intervene in the payments, as they were of low value – and that they didn't think that Mr D had a reasonable basis for belief that C was genuine.

Mr D asked for a final decision on the matter, so it 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.

Having done so, I have decided not to uphold this complaint. I know this will be disappointing for Mr D, so I'll explain why.

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

Lloyds has signed up to the voluntary CRM Code, which provides additional protection to scam victims. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances).

*Is Mr D entitled to reimbursement under the CRM Code?*

Generally, there are two exceptions to reimbursement under the CRM Code (there are other exceptions, but these do not apply here)

- Mr D ignored an 'Effective Warning'.
- Mr D made the payments to L without a reasonable basis for belief that they were for genuine goods/services; and/or L was legitimate.

I don't find that Lloyds was required to provide Mr D with a warning about the payments before they were processed – the amounts were small, and didn't look suspicious – so I don't think that Lloyds would have had any concerns that Mr D may have been falling victim to a scam.

I also don't think that Mr D had a reasonable basis for believing that C was genuine.

C contacted Mr D out of the blue, several years after the initial investment was made, but I don't think that Mr D undertook enough research into the validity of what C were offering to do. At the time, there was information available from the FCA saying that E had gone into liquidation, and that there were no realisable assets that may be used to compensate consumers.

While I understand that Mr D says that he checked Companies House, I think he should have taken further steps here, such as investigating who the liquidators of E were, and how C could be connected. If he had done so, I think that it would have been apparent that C were not legitimate.

I am also aware that there were two other companies that contacted Mr D prior to his involvement with C – but he knew they were scam companies so didn't proceed with what they were asking. He says that as C wasn't asking for large payments upfront like the other businesses it seemed that what it was asking for was more reasonable. But I disagree. If Mr D was aware that companies were attempting recover scams, I think that he should have recognised that this could be a potential attempt too as although the amounts were smaller (perhaps to entice him where others had failed) what they were ultimately offering to do was very similar.

The Financial Conduct Authority (FCA) had also written to investors in E in 2017, explaining that scammers were contacting investors of E and offering to recover their investments. It warned to be cautious of such offers. I understand that Mr D says that he did not receive this letter prior to the initial payment he made. However, by the time Mr D made the other two payments, he had been sent a copy of this letter attached to an email when he was in discussion with the FCA.

For the last two payments, Mr D was also told to pay C via the bank accounts of two of its 'compliance officers' directly. I do not think that this feels like a legitimate request – and I

would expect any payments to a business to be made to that business directly – not to personal accounts of its supposed employees. C had told Mr D that it would recover his investment losses within two weeks – but this was clearly not the case, however Mr D continued to make further payments.

I also don't think that there was anything Lloyds could have done to recover the funds lost once it had been made aware of the scam. I know that Mr D says he would have complained sooner than he did, back in 2020 – but even if he had done so, scam funds are usually very quickly removed from a scammers account, and even then, I think it would have been too late to retrieve them.

I am very sorry that Mr D has lost money to this scam – and I can understand why he is unhappy about what has happened. But I don't think that Lloyds needs to refund him under the CRM code.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 19 June 2025.

Claire Pugh  
**Ombudsman**