

The complaint

This complaint has been brought by a limited company I'll refer to as "P". The complaint is about Lloyds Bank PLC ('Lloyds') declining to reimburse funds it says were lost to an investment scam.

Mr G, who is the director of P, brings the complaint on P's behalf. And Mr G has chosen to appoint a professional representative whom I'll refer to as M.

What happened

Mr G was introduced to an investment opportunity (whom I'll refer to as H) by an accountant friend. It was understood H purported to operate a Forex scheme which was launched in 2015 and promised to refund capital investment within 12 months plus interest of 5% per month while paying its introducers 3% per month.

H went into liquidation and during this process it was identified to have been operating a Ponzi scheme. Although P received a handful of payments in return following the initial disputed transaction, these stopped shortly after.

Date	Activity	Amount
24/10/2018	Faster payment to an accountancy firm	£80,000.00 dr
26/11/2018	Credit received in relation to H	£4,000.00 cr
20/12/2018	Credit received in relation to H	£4,000.00 cr
12/04/2019	Credit received in relation to H	£4,410.00 cr
09/05/2019	Credit received in relation to H	£4,410.00 cr
	Total Loss	£63,180.00 dr

A complaint was raised with Lloyds through M on 8 November 2023. It argued the disputed transaction was a significantly large payment and Lloyds should have questioned Mr G as to where the payment was going and its purpose. And as it failed to do so, M considers a full refund should be provided to P.

One of our investigators looked into this matter and didn't uphold the complaint. He explained he'd expect Lloyds to intervene if it had reason to suspect P was at risk of financial harm from fraud. But he didn't think the disputed transaction was unusual enough to have warranted an intervention by Lloyds. He wasn't persuaded Lloyds missed an obvious opportunity to prevent P's loss.

In response, M acknowledged Lloyds was under no obligation to protect P from an disadvantageous agreement or to provide investment advice. But when the payments were instructed by Mr G, Lloyds should have encouraged him to verify whether the payee was registered with the FCA. And had it done so, this would have brought Mr G's attention to the substantial risks associated with unregulated investments and the increased risk of such investment being a Ponzi scheme. M said there was no evidence to suggest Mr G was

predisposed to taking significant financial risks or had a history of speculative behaviour. M concluded that Lloyds failed to take the opportunity to engage with Mr G missing a critical chance to provide necessary warnings.

As agreement couldn't be reached on the resolution of the complaint, the case has been referred for 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.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In deciding this case, I've reached the same overall conclusions as our investigator and for largely the same reasons. I'll explain more below.

Having taken into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, Lloyds ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances. But the obligations to warn customers of the risk of such financial harm will only reasonably have been engaged if there were sufficient grounds a payment might be connected to a fraud or a scam – i.e. that it was suspicious.

So, taking all of this into account, I need to decide if Lloyds acted fairly and reasonably in its dealing with Mr G when he made the £80,000 payment. Specifically, whether it should have done more than it did before processing the payment. When considering P's account history, I'm in agreement with our investigator that the payment wasn't sufficiently large or unusual enough to warrant intervention. What I do see is the disputed transaction is very much in keeping with how the account has historically operated.

M said Lloyds ought to have been aware of concerns relating to other banks freezing the funds of accounts belonging to another company (whom I'll refer to as A). And given this awareness Lloyds should have prompted a review of the disputed transaction as it involved a large sum transferred to a new payee.

I'm not satisfied Lloyds ought to have been aware of another bank's decision to freeze accounts belonging to A. Firstly Lloyds are not responsible for those accounts, and secondly the disputed transaction here was not paid to an account belonging to A. Nor was it a payment made directly to H. Rather the payment was made to an accountancy firm. And whilst I acknowledge the payment is to a new payee, this is a factor (among others) that ought to form a part of Lloyds' considerations around a consumer's account activity and whether or not this would alert them to concerns their consumer might be falling victim to fraud or a scam. But I'm not satisfied this factor alone meant that Lloyds ought to have had concerns.

Furthermore, considering Mr G's professional background and P's status I'm not persuaded directing him to check whether H was registered with the FCA would have resulted in him making a different decision to invest. Nor am I satisfied Mr G would've been alerted to any concerns about H in general. I say this because H was a genuine company and there was no negative information about H in the public domain until *after* it went into liquidation (June 2019).

Overall, I don't consider Lloyds acted unfairly by preventing or failing to intervene in the payment being made here.

I've also thought about whether Lloyds' ought to have done anything to recover the funds after P's loss was reported. Mr G didn't dispute the payments with Lloyds until a letter of complaint was raised through M in November 2023. Given H has since become insolvent, it would be highly unlikely that the bank could have recovered any funds, particularly given it was more than four years after the payments had been made.

Finally, I understand that M were unhappy with Lloyds' complaint handling. M submitted three individual letters of complaint to Lloyds about three distinct losses. As seen above, my decision here has focused on losses relating to H. However, M requested compensation for P as a result of the considerable trouble and upset in the pursuit of this complaint. Lloyds issued a final response letter addressing all three complaints raised and in doing so made an award of £250 compensation. I should explain just as our investigator has, complaint handling in and of itself is not a regulated activity. So, I'm afraid that a complaint about complaint handling would not be within our remit and so I won't be commenting on that here. That said, I understand the £250 compensation has already been paid to P.

My final decision

For the reasons given 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 P to accept or reject my decision before 21 July 2025.

Mark O'Connor
Ombudsman