

## **The complaint**

A company, which I'll refer to as M complains that Lloyds Bank PLC won't reimburse it after it lost money to an investment – that it now considers to have been a scam – whereby it sent money to an account held at Lloyds.

Miss O, who is the director of M, brings the complaint on M's behalf via a professional representative. For ease of reading, I'll refer to all submissions as being made by Miss O directly throughout this decision.

## **What happened**

Miss O has explained that she came across an art investment opportunity, which I'll refer to as 'S' on a social media platform in 2021 which took her interest.

Miss O explains she conducted research online, and found nothing untoward, so after speaking with S by phone, agreed to invest.

Miss O made several payments via different bank accounts to S, although her only outstanding loss is a payment of £10,200 made in May 2021. However she then received notification that S had gone into liquidation, following which Miss O has been unable to get in touch with the individuals who were handling her investment.

Having researched S further, Miss O has concerns about whether information she's previously been provided with when investing – such as the value of her artwork – is accurate – or whether the prints even exist and are genuine. She's also found that a piece of artwork that was supposedly sold on her behalf is still listed on her portfolio, raising further questions about whether these listings are legitimate.

Believing she had fallen victim to a scam, Miss O got in touch with her bank to raise a claim, and also contacted Lloyds, where the receiving bank account was held. Lloyds considered Miss O's complaint but didn't uphold it. It said it had found no errors in its handling of S' account and the payment received from Miss O.

Miss O remained unhappy and referred her complaint to our service. An investigator considered the complaint but didn't uphold it. To summarise, he didn't think there was enough evidence to conclude that Miss O made the payment as a result of a scam.

Miss O disagreed with the investigator's view, so the complaint has been referred to me for a final 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'm sorry to hear that Miss O has paid a significant amount of money for art pieces, believing them to be an investment, and now considers they are not worth near what she paid for them.

In order to determine that Lloyds is responsible for Miss O's losses and for it to refund her, I'd first need to be satisfied, based on the available evidence, that the losses she has incurred were as a result of a scam. I'd therefore need to determine that S' reason for procuring the payment was fraudulent. This would mean being persuaded that S had criminal intent at the time it received Miss O's payment to defraud her. Based on everything I've seen, I don't think there is currently enough evidence to support this claim. I've explained why in more detail below.

I understand that the payment Miss O made was to purchase two fine art prints, as part of her investment portfolio. When S went into liquidation, Miss O was contacted by the warehouse at which her prints were stored, providing her with a listing of prints held, which corresponded with those listed on Miss O's invoices. The warehouse provided Miss O with options for continuing to store these pieces, or arranging shipment to her. I therefore consider the available evidence supports that these pieces of art do exist and are available for retrieval by Miss O.

I understand Miss O has raised concerns that the value of the prints is significantly less than what she paid, leading her to believe this was a scam investment from the outset. However, ultimately I have to account for the fact that Miss O made the payment to S on the understanding that it would purchase art on her behalf for her portfolio, and it appears that this is what happened, with the artwork agreed upon also aligning. Additionally, while there have been allegations made that prints' values are significantly less than investors paid, this remains a matter to be discussed at trial. There were contracts in place with the artists whose prints were sold who haven't disputed the value of the art quoted, as well as evidence of contracts with other firms to provide services such as printing and storage – so a number of elements to the business that *would* align with expected business activity for such a firm. The nature of the industry invested in also means that mark ups on print values aren't unusual, although arguably not to the extent generally seen here. However, all things considered, as Miss O's and S' purpose for her making the payment therefore broadly aligned, I don't consider the evidence *currently* supports a conclusion that this payment was the result of a scam.

I understand Miss O has referenced the proceedings of a recent court case concerning S as further evidence that S was most likely a scam.

However, the case considered in court related to the position of a freezing order that was in place over the company's assets, rather than whether S procured payments for fraudulent purposes. In order for a freezing order to be put in place, the possibility of fraud had to only be arguable, not more than likely on the balance of probabilities. And while the judge did make multiple references to the possibility that S may have had the intention to defraud customers, they were also very clear that this was not within the remit of the court case taking place and that this would need to be considered in a trial.

As I'm not persuaded this was a fraud or scam, there was no basis for Lloyds to have intervened in the operation of the recipient account, or to have prevented Miss O's funds from leaving it for that reason. Additionally, our service only has powers to consider complaints about receiving firms since 31 January 2019 – and we can't consider any acts or omissions carried out by a receiving firm that occurred before this date. In this case, as the beneficiary account opened prior to 2019, I am unable to comment or make a finding about the account opening process – as the act of Lloyds opening the account happened prior to when our service had the power to look into complaints about receiving firms.

I've also considered Lloyds' response when it received the scam claim from Miss O's own bank. I can see that Lloyds responded to Miss O's bank on the same day it received the

claim, confirming no funds were recovered. I therefore think it dealt with the notification from Miss O's bank appropriately.

Legal proceedings may uncover new evidence or change the basis on which this case has been considered up until now. However, I have to decide the case on the facts and information currently available to me. Based on the evidence currently available, I'm not able to conclude there is sufficiently persuasive evidence that shows this to be a scam. And I therefore don't think Lloyds can be held responsible for Miss O's losses.

If new material information does come to light, at a later date, then a new complaint can be made to Lloyds. But I'm satisfied, based on the available evidence that I have seen and been presented with by all parties, that this is a civil dispute.

### **My final decision**

My final decision is that I don't uphold M's complaint against Lloyds Bank PLC.

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

Kirsty Upton  
**Ombudsman**