

## **The complaint**

X complains that Lloyds Bank PLC ('Lloyds') won't refund the money they lost as the result of a scam.

## **What happened**

X was looking to rent a property in Germany and found one listed on a major property website. X contacted the owner and was sent a link to make a booking.

Unfortunately, this was a scam and the person who contacted X didn't own the property in the listing.

X made two international payments to the scammer from their Lloyds account. The first payment of EUR1,700 was made on 6 March 2024, and the second payment of EUR1,000 was made on 8 March 2024.

When X didn't receive the contract and the keys for the property, they realised it was a scam and tried to report it to Lloyds on 9 March 2024.

Lloyds told X they couldn't raise a dispute until 15 days after the payments were made. So, X contacted Lloyds again on 19 March 2024, and a fraud claim was raised.

X says he contacted Lloyds on 9 May 2024, after receiving the outcome on his claim. Lloyds advised they'd erred in telling X to wait 15 days to raise the fraud claim and they escalated his complaint. X expected to hear from Lloyds within four weeks, but it wasn't until 9 July 2024 that X received a call.

Lloyds declined to refund X for their loss saying the payments aren't covered by the Contingent Reimbursement Model Code (CRM Code), as they were international payments. However, Lloyds apologised for giving X the incorrect information and paid £75 compensation for the poor service.

X wasn't happy with Lloyds' response, so they brought a complaint to our service. X feels that Lloyds' delay in raising the fraud claim has impacted their ability to recover the funds.

An investigator looked into X's complaint but didn't recommend that Lloyds refund X. The investigator wasn't satisfied that Lloyds should've intervened when the payments were made. And, even if Lloyds had raised the fraud claim earlier, it's unlikely any funds would've been recovered. The investigator explained that international payments are reliant on the beneficiary agreeing to return the funds, which was unlikely in the case of fraud. The investigator felt the £75 compensation was fair for the poor customer service.

X disagreed with the investigator's opinion and asked for an ombudsman to review their case. X says:

- They showed the property rental link to two people they trusted, who had previously used the same company, and they thought it was genuine.

- The payments were for a higher value than the usual activity on X's account, and were international payments, so Lloyds should've been concerned.
- The £75 compensation is disrespectful. It's unclear how Lloyds reached that amount and why they haven't offered a higher payment. Also, as Lloyds took too long to reach a conclusion, and could've recovered the funds if they had raised the fraud claim sooner, they should be liable to refund X's loss.
- As the victim of a scam, X should be entitled to a full refund.

### **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's not in dispute that X was the victim of a cruel scam. But that doesn't necessarily mean they're entitled to a refund. I'll explain why.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities. In other words, on what I consider is more likely than not to have happened in light of the available evidence.

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

It's not in dispute that X authorised these payments, although they did so not realising they were the victim of a scam. But that doesn't make the payments unauthorised. So, the starting position is that Lloyds aren't liable for the transactions.

The CRM Code only applies to payments made between UK bank accounts. As X made payments to an international account, they aren't covered by the CRM Code.

However, Lloyds should 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). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer. 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 – as in practice Lloyds sometimes does.

Lloyds also has a duty to exercise reasonable skill and care, pay due regard to the interest of its customers and to follow good industry practice to keep customers' accounts safe.

### **Should Lloyds have identified that X was at risk of financial harm from fraud?**

I appreciate that these payments represent a lot of money for X and were higher than the usual transactions made on their account. However, banks have to strike a balance between identifying payments that could be fraudulent, then responding appropriately based on their concerns, and ensuring minimal disruption to legitimate payments.

I'm not satisfied, based on the information available to Lloyds, that they should've been concerned and intervened when these payments were made. I say this taking into account the size of the payments and that there were only two payments made (not a series of payments made in quick succession). The fact that they were international payments, isn't enough in and of itself, to say that Lloyds should've identified a risk of financial harm from fraud.

As I'm not satisfied that Lloyds should've been concerned or intervened when the payments were made, I can't fairly say Lloyds could've prevented X's loss.

#### Could Lloyds have recovered X's funds if they raised the fraud claim earlier?

International banks aren't governed by the same rules and regulations as UK banks, and Lloyds' attempt to recover the funds is reliant on the beneficiary bank, and its customers, cooperation.

Even if, Lloyds had contacted the beneficiary bank on 9 March 2024, when X first tried to raise their fraud claim, I'm not satisfied that it's more likely than not X's funds would've been recovered.

Fraudsters usually remove money from their account within minutes of it being paid in, in order to prevent recovery when the fraud is reported. So, by the time X tried to report the fraud, the day after the last payment they made, it's more likely than not the funds had already been withdrawn.

Also, it's extremely unlikely that the beneficiary would agree to their bank returning the funds to X, even if they were still in the account. And, as explained above, Lloyds doesn't have the power to compel international banks to return funds.

Having carefully considered all of the evidence, I'm persuaded that it's more likely than not, Lloyds raising the fraud claim earlier wouldn't have resulted in X's funds being recovered. So, I can't fairly hold Lloyds liable on that basis.

#### The customer service Lloyds provided to X

X feels that due to Lloyds' failings, they should be liable to refund the full loss. However, that isn't the case.

Compensation is calculated by taking into account the impact of the error on X and what is likely to have happened if the error hadn't been made. I think it's important to add that compensation doesn't address the stress that was caused by the scammer, or X falling victim to the scam.

As I explained above, I'm not satisfied that Lloyds could've recovered X's funds if they raised the fraud claim earlier. So, if they hadn't made the error in telling X to wait before raising the fraud claim, I'm not satisfied that would have resulted in a different outcome for X.

X says they contacted Lloyds on 9 May to raise a complaint about the outcome they'd reached, but didn't receive a response until 9 July – two months later. I agree with X that Lloyds should've provided an answer sooner than they did.

Based on the two customer service failings, and that neither directly affected the outcome on X's complaint, I'm satisfied that £75 compensation is fair.

I understand that X feels the £75 is too low, considering how much they lost as the result of the fraud. But I feel it's fair based on the poor service given and the impact that poor service had on X.

I'm really sorry to disappoint X, but I'm not satisfied that I can hold Lloyds liable for their loss or ask them to pay anything more.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 8 September 2025.

Lisa Lowe  
**Ombudsman**