DRN-5322742

The complaint

Mrs J complains that Lloyds Bank PLC (Lloyds) is refusing to refund her the amount she lost as the result of a scam.

Mrs J is being represented by a third party. To keep things simple, I will refer to Mrs J throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mrs J told us when she brought her complaint to this service that she came across an investment opportunity with a company I will call "X" online. X provided a vast amount of information to Mrs J over the phone, and after carrying out some online research, which she says returned positive reviews, she decided to invest.

Mrs J says X walked her through the investment process and she was coerced into making large payments to receive promised high returns. Alongside the investment, Mrs J says she had access to a savings account that offered higher interest rates than the banks.

Mrs J says that after making multiple payments she requested a withdrawal from her high interest savings account, but this was not successful, and she was unable to contact X.

Mrs J has disputed the following payments:

Payment	Date	Payee	Payment Method	Amount
1	12 April 2024	Mr J	Transfer	£200
2	3 May 2024	Mr J	Transfer	£14,000
3	9 May 2024	Mr J	Transfer	£14,000
4	28 May 2024	Mr J	Transfer	£20,000
5	28 May 2024	Mr J	Transfer	£20,000
6	4 June 2024	Mr J	Transfer	£20,000
7	13 June 2024	Mr J	Transfer	£10,000
8	19 June 2024	Mr J	Transfer	£20,000

Our Investigator considered Mrs J's complaint and didn't think it should be upheld. Mrs J disagreed, so this complaint has been passed to me to decide.

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 has not been disputed that Mrs J has fallen victim to a cruel scam. The evidence provided by both Mrs J and Lloyds sets out what happened. What is in dispute is whether Lloyds should refund the money Mrs J lost due to the scam.

Recovering the payments Mrs J made

Mrs J made payments into the scam via transfer. But the payments Mrs J made in relation to the scam went to a genuine account in her partner's name. As they were genuine payments and it took further steps for those funds to end up in the hands of the scammer any attempt to recover the funds would have no prospects of succeeding.

Should Lloyds have reasonably prevented the payments Mrs J made?

It has been accepted that Mrs J authorised the payments that were made from her account with Lloyds, albeit on X's instruction. So, the starting point here is that Mrs J is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Lloyds should have been aware of the scam and intervened when the payments were being made. And if it had intervened, would it have been able to prevent the scam taking place.

The payments Mrs J made in relation to the scam were to an account she had previously made payments to in her partner's name. A payment of this type would usually be considered to have a lower risk factor then than payments to a new payee, or a cryptocurrency exchange for example.

However, the payments Mrs J has disputed were for relatively high values that I think should have caused Lloyds to have concerns, and I think that by the time Mrs J made payment 2 Lloyds should have intervened and had a conversation with her about what the payment was for.

But I'm not persuaded an intervention like the one explained above would have made a difference. I will explain why.

Mrs J said in her complaint form to our service that she was provided with vast information over the phone, was onboarded to X's system, was walked through the investment process. and was promised high rates of returns. But when Mrs J provided further information to our service, she said all correspondence with X was made through her partner and she had no direct contact. With the differing versions of events, it is difficult for me to say with any confidence which version is correct.

In addition to the above Mrs J said she carried out online searches on X. But a simple online search at the time would have shown clear information about X operating a scam that I think should reasonably have caused Mrs J to have concerns.

Mrs J also funded the payments made from her account by taking multiple loans with different providers. Mrs J says she can't remember the reasons she gave for the loans, but considering it is not usual for loan providers to grant loans for the purpose of investing I think it's most likely Mrs J gave inaccurate reasons for the loans to get them approved.

I can see that when the payments were sent on from Mrs J's partners account to X that interventions with another account provider did take place and Mr J was dishonest when answering the questions posed to him.

I think it's reasonable to say from the information available that Mrs J was making investment payments, at least alongside her partner and was receiving the same or similar information he was at the time.

With all of the above considered, I don’t have enough to say that had Lloyds intervened in the way it should have, that Mrs J would have provided honest answers in response to its questions, or that the scam would have been uncovered.

With the above in mind, I don’t think Lloyds missed an opportunity to prevent the scam, and it is not responsible for Mrs J’s loss.

My final decision

I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs J to accept or reject my decision before 3 October 2025.

Terry Woodham
Ombudsman