

## **The complaint**

Mr P and Mrs P are unhappy that Lloyds Bank Plc won't refund all the losses they incurred because of an investment scam.

## **What happened**

In 2024, Mr P and Mrs P were the victims of an investment scam which involved one payment they made on 13 May 2024 for £24,750 to an international account held by another party.

In summary, Mr P was contacted by someone on a social media site, who claimed to work for the Hong Kong stock exchange. They struck up a correspondence and after a period, she invited him to join in on an investment with her. She asked him to transfer funds to a company and provided the details.

On 10 May 2024, Mr P tried to transfer £20,000 from his Lloyds account but there was an issue with payment, and the payee's details were not accepted. He was informed that he needed to go to his nearest branch to discuss the payment. Mr P did so on the same day.

Mr P met with the branch manager, and said he asked him questions about the transfer, and then handed him a leaflet about scams and fraud. Mr P said he asked the manager to check the payee out, and the manager apparently called a colleague, who informed him the company was registered with a bank in Hong Kong. Mr P said he agreed to authorise payment.

Mr P said on Monday, he couldn't see that the payment had been made, so instead he made another payment, as online, he could see the payee had been sent up. He said he increased the amount that he was looking to transfer, to £24,750 and this time when he authorised it, it went through.

After the transfer had taken place, Mr P was able to withdraw a small amount of £762.83, back to his account. But when he asked to make a larger withdrawal, he encountered problems and was asked to make a further, large payment. It was at this point that he said he realised he had been scammed.

Mr P and Mrs P reported what happened to Lloyds on 21 May 2024. Lloyds replied that it couldn't recover the payments. It later said, it agreed it should have done more when Mr P came into the branch to discuss the payment and said it did make mistakes here. It agreed to pay 50% of Mr P's losses, along with interest and a £50 payment as way of an apology. It said it offered to repay half of their losses because Mr P didn't do enough to protect himself either, after the warning it provided.

Mr P was not happy and said Lloyds should have done a lot more and this should be reflected in the compensation that it paid him. He said if the original payment on 10 May 2024 didn't go through, and there were issues, he should have been informed about them. He said if Lloyds had informed him of the reasons why the first payment didn't go through, it maybe that he wouldn't have gone through with the second payment. He said in addition,

that he shouldn't have been allowed to make the second payment online, if Lloyds had any doubts about the legitimacy of the payee.

Unhappy, Mr P and Mrs P brought their concerns to our service to investigate. An investigator looked into matters and felt the offer of compensation from Lloyds was fair and reasonable in the circumstances. She said, that although Lloyds made mistakes, Mr P should take some responsibility for what happened too. She gave some reasons why including that he could have queried with Lloyds why the first payment was cancelled before making a second payment.

Mr P and Mrs P disagreed and felt Lloyds should pay more. Mr P reiterated that if Lloyds cancelled the first payment, it should have communicated this to him along with the reasons why and had chances to before he made the second payment. He said his club Lloyds account had terms relating to this. He also said he didn't raise any issues with Lloyds before making the second payment, because he felt the first payment hadn't gone through due to faulty processing of the bank manager, who he originally discussed the payment with.

As the parties are not in agreement, Mr P and Mrs P's complaint has been referred to me, an ombudsman, 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.

Having done so, I've reached the same outcome as our investigator for these reasons:

- The starting position in law is that Mr P and Mrs P are responsible for the payment they made on 13 May 2024. And Lloyds had a duty to make the payment they told it to make.
- But, as supported by the terms of the account, including those cited by Mr P, that doesn't preclude Lloyds from making fraud checks before making payment. And, considering regulatory expectations and good industry practice, I'm satisfied that it should fairly and reasonably do this in some circumstances.
- Lloyds has accepted it did something wrong. It said it should have done more than it did when Mr P came into the branch to sort out making the payment.
- Mr P has made several points about Lloyds' failings, including that it ought to, under the terms of his club account, have notified him of the reasons why the first payment didn't go through. And that in any case if it had any concerns about the payee, it shouldn't have set them up on the system and shouldn't have allowed the second payment to go through.
- I do agree with most of what Mr P has said here. If Lloyds did cancel the first payment over concerns about the legitimacy of the payee, then I do think it ought to have contacted him about this. And I think it should have carried out another intervention when he tried to make a second payment too. In short, I think Lloyds have made several mistakes and have contributed to the losses Mr P and Mrs P have incurred.
- But concluding Lloyds were at fault for the reasons I have mentioned above, doesn't automatically mean I think it should reimburse all Mr P and Mrs P's losses to them. I

need to also consider whether Mr P's own actions also contributed to him making losses and weigh these as well as Lloyds' mistakes up to consider how much each party should fairly and reasonably take responsibility for. After all, Lloyds didn't take Mr P and Mrs P's money, the responsibility for this crime sits squarely with the scammers.

- I do think Mr P and Mrs P should take some responsibility for what happened here too. Mr P was given a warning from Lloyds when he met the manager in the branch. I have seen the leaflet in question, and it does clearly communicate to the recipient that if received, it meant Lloyds suspected they were potentially a victim of a scam. I think on seeing this, I can see Lloyds provided a warning to Mr P.
- On the following Monday Mr P saw the payment did not go through. Rather than check with Lloyds about what happened, he decided to go ahead and make another larger payment instead. I have read the reasons why Mr P decided not to check with Lloyds or have any reservations, he said he felt the bank manager had processed the details incorrectly and put it down to this. I acknowledge what Mr P has said here, but I don't think that detracts from the fact Lloyds provided a warning for the payment that was then cancelled. I think it would have been reasonable for Mr P to have queried this, rather than instead, send a larger payment to the same payee.
- I think the sense of urgency from his business partners ought to have also given Mr P some concerns, along with the nature of the arrangement. I don't think he could have gained any assurance about the safety and protection of his funds, because of the fact he had no paperwork with the people he was dealing with, detailing the terms and conditions or whether they were regulated in the country they were operating in.
- I think, based on what I have just concluded, the compensation Lloyds has paid to date is fair and reasonable. It is like the award I would have made in the circumstances of Mr P and Mrs P's complaint. I think Lloyds should have covered some of the losses they incurred, because of the mistakes it made, including much of what has been pointed out by Mr P. But I also think Mr P and Mrs P should take some responsibility for what happened too. So, Lloyds deducting the total losses to be repaid by 50% I think was a fair and reasonable thing for it to do.
- I know my decision will be a disappointment to Mr P and Mrs P. It is clear after reading all the documentation, including the conversations between Mr P and the people in question, that he and Mrs P were the victims of a scam here. I am sorry this has happened to them. But based on what I have said above, it follows that I don't uphold their complaint.

### **My final decision**

For the reasons I've explained, my final decision is that I do not uphold Mr P and Mrs P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Mrs P to accept or reject my decision before 24 September 2025.

Mark Richardson  
**Ombudsman**