

## The complaint

Mr B complains that Lloyds Bank PLC ('Lloyds') won't reimburse the funds he lost when he says he fell victim to a scam.

## What happened

Mr B contacted Lloyds through a professional representative in March 2024. He said he thought he was the victim of a scam when he invested through a company I'll call H in this decision. Mr B says that when he made the payments no fraud warnings were given, and he wasn't advised that H wasn't regulated.

I have set out in the table below the transactions Mr B made to H.

| Transaction  | Date     | Amount  |
|--------------|----------|---------|
| 1            | 21/08/19 | £20,000 |
| 2            | 21/08/19 | £5,000  |
| 3            | 16/09/19 | £10,000 |
| 4            | 21/10/19 | £15,000 |
| <b>Total</b> |          | £50,000 |

Lloyds said that Mr B made a genuine investment in a legitimate firm that subsequently ran into financial difficulty. This meant it wasn't liable to reimburse him under the Contingent Reimbursement Model Code ('CRM Code'). It also recognised a potential risk of harm when Mr B attempted payment two and had a conversation with him about it. Lloyds says that during the call it provided investment scam advice and questioned him in detail about the payment. Having done so, it had no concerns.

Mr B was unhappy with Lloyds' response and brought a complaint to this service. He said Lloyds' intervention didn't go far enough and it should have checked whether H was regulated.

### *Our investigation so far*

The investigator who considered this complaint didn't recommend that it be upheld. He said that the CRM Code definition of an APP scam hadn't been met. The investigator also noted that Mr B told Lloyds he had done his research when it spoke to him about payment two.

Mr B didn't agree with the investigator's findings. In summary, he said that due to the high risk nature of the investment it should only have been sold to high net worth individuals – not the general public. He also referred to guaranteed returns and lack of regulation, and said that Lloyds' questions should have covered these points. Finally, Mr B took on board what the investigator said in respect of the lack of evidence of fraud but said PAS 17271:2017 and the Banking Protocol should also have been considered.

## 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.

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 (including PAS 17271:2017); and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Lloyds is a signatory to the CRM Code. Under this code, the starting principle is that a firm should reimburse a customer who is the victim of an authorised push payment (APP) scam, except in limited circumstances. But the CRM Code only applies if the definition of an authorised push payment (APP) scam, as set out in it, is met.

I have considered whether Mr B's claim falls within the scope of the CRM Code, which defines an APP scam as:

*...a transfer of funds executed across Faster Payments...where:*

- (i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or*
- (ii) (ii) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.*

It is for Mr B to demonstrate that he is the victim of an APP scam.

To decide whether Mr B is the victim of an APP scam as defined in the CRM Code I have considered:

- The purpose of the payments and whether Mr B thought this purpose was legitimate.
- The purpose the recipient (H) had in mind at the time of the payments, and whether this broadly aligned with what Mr B understood to have been the purpose of the payments.
- Whether there was a significant difference in these purposes, and if so, whether it could be said this was as a result of dishonest deception.

Mr B thought he was investing in a property development company. I haven't seen anything to suggest that he didn't consider this to be a legitimate purpose.

In reaching an answer on what purpose H had in mind, I've considered the wider circumstances surrounding H and any linked businesses. The key information to this case is:

- H completed three different development projects. H also worked on other developments which it then sold to developers when it experienced financial difficulties. The completion of three development projects is strongly indicative of a legitimate business carrying out the activities I would expect of it.
- I've not seen anything from the administrators of H to suggest the company was operating a scam or that the transactions carried out by the company and connected companies were done with any intention other than putting investors' funds towards development projects. Whilst transactions have been investigated, there is no evidence that funds weren't used for the intended purpose.
- I also haven't been provided with evidence following an investigation by any other external organisation which concludes that H intended to use Mr B's funds for a different purpose.

Having carefully considered all the evidence provided to me, I'm not persuaded there is sufficient evidence to conclude that the purpose H had in mind when it took Mr B's payment

was different to his. So, I consider Lloyds acted fairly in not considering Mr B's complaint under the CRM Code.

If material new evidence comes to light at a later date Mr B can ask Lloyds to reconsider his fraud claim.

Lloyds intervened when Mr B made the second payment and had a conversation with him about it. Having listened to the call, I'm not persuaded Lloyds acted unreasonably or that it could have prevented Mr B's loss. Mr B confirmed that he had been looking into the investment for a couple of months, he had checked Companies House and the FCA, had checked with several people and companies, and spoken to more than one financial advisor. All had said the investment with H was "as first rate as you can get in this climate".

I'm not persuaded Lloyds needed to go further or that it ought reasonably to have had concerns. H was a legitimate company that at the time the payments were made was paying returns to other investors. Mr B confirmed he had received brochures and there was nothing in the public domain at the time to suggest Lloyds should have been concerned that Mr B might be falling victim to a scam.

I'm really sorry to disappoint Mr B, but I'm not satisfied that I can fairly ask Lloyds to refund him based on the evidence that is currently available.

### **My final decision**

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 29 July 2025.

Jay Hadfield  
**Ombudsman**