

The complaint

Mrs M complains that Lloyds Bank PLC won't refund the money she lost as the result of a scam.

Mrs M has been represented in her complaint by a firm of solicitors.

What happened

Mrs M says a friend told her about an opportunity to invest in a drinks business (which I'll refer to as "W"). Under the impression that she could make significant returns on her investment, Mrs M made a number of payments to W.

Lloyds hasn't been able to trace the initial payment of £100 on 12 June 2019. But it accepts that Mrs M made the following remaining payments to W, using her Lloyds debit card.

	Date	Amount
1	12 June 2019	£100
2	12 February 2021	£2,000
3	9 March 2021	£1,950
4	2 December 2021	£3,000
5	6 December 2021	£2,000
Total		£9,050

Mrs M says she received a payment of £725 from W in 2022, which she paid into her account with Lloyds. But Mrs M's representatives say it's now widely accepted that W was a scam. They've told us that Mrs M is retired, and the loss of the money has significantly impacted her standard of living. Mrs M believes that Lloyds should have taken action to protect her from falling victim to the scam. And she'd like it to refund the money she's lost, with interest and pay her £1,000 compensation.

Lloyds says W appears to have had a valid listing at Companies House, but appears to have gone into liquidation in 2023. It accepts that there appear to have been some concerns raised about the company, but doesn't believe there's anything to suggest clearly that Mrs M was scammed.

Lloyds' records show that Mrs M contacted it late in 2021 regarding the final payment of £2,000, which she said she hadn't authorised. But she didn't pursue the claim. It didn't hear anything further until it was contacted by Mrs M's representatives in 2024. By then, it was too late to raise a chargeback request for the payments.

One of our investigators considered the complaint, but didn't think it should be upheld. In summary, she didn't think there was anything about the payments which ought to have alerted Lloyds to the possibility that Mrs M had fallen victim to a scam, and she didn't think Lloyds could have recovered Mrs M's money.

Mrs M didn't agree with the investigator's view, so the complaint's been passed to me.

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 conclusion as the investigator, and for similar reasons.

I'd like to say at the start that I was very sorry to hear that Mrs M lost her money and that she believes this to have been the result of a scam. I don't underestimate how upsetting this will have been for her, or the impact it will have had on her financially. My role, however, is to decide whether Lloyds can fairly be held responsible for her loss.

Mrs M's representative has referred to the provisions of the Lending Standards Board's Contingent Reimbursement Model Code. But that doesn't apply in this case, as Mrs M made the payments by debit card.

I'm satisfied that Mrs M authorised the payments she sent to W. She made the payments herself, believing that W was a legitimate business. So although she didn't intend the payments to end up with a scammer, and doubtless wouldn't have made them if she'd known she was going to lose her money, the payments were 'authorised' under the Payment Services Regulations. Lloyds had an obligation to follow the payment instructions it received, and Mrs M is presumed liable for her loss in the first instance. But that's not the end of the matter.

In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations, regulators' rules, guidance, standards and codes of practice and, where appropriate, what I consider to have been good industry practice at the time. Taking those things into account, I think that at the time the payments were made, Lloyds should have been doing the following to help protect its customers from the possibility of financial harm:

- monitoring accounts and payments to counter various risks, including fraud and scams;
- keeping systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things) – especially given the increase in sophisticated fraud and scams in recent years, with which financial institutions are generally more familiar than the average customer;
- in some circumstances, regardless of the payment method used, taking additional steps, or making additional checks, before processing a payment, or, where appropriate, declining to make a payment altogether; and
- being mindful of -among other things – common scam scenarios, how fraudulent practices were evolving (including, for example, the common use of multi-stage fraud by scammers) and the different risks these can present to consumers when deciding whether to intervene.

However, I consider that there's a balance to be struck. Banks have obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction. And I think it was reasonable of Lloyds to consider a range of factors when deciding whether to take any additional steps before making the payments.

I've looked at Mrs M's bank statements for ten months or so before she made the more sizeable payments to W, starting in February 2021. I can see that she'd made a payment of £1,500 in November 2020. She also made payments to a third party of £1,090 and £1,800 in the summer of 2021, during the period in which she was investing in W. Otherwise, payments from her account were generally of relatively low value.

I realise that the largest payment of £3,000 that Mrs M made to W is a significant amount of money, especially given that Mrs M's representatives have told us she was living on pension income. I also acknowledge that it was the highest payment she'd made from her account for some time. But I don't consider that it was so out of keeping with her normal account activity that Lloyds ought to have been concerned that Mrs M was at risk of financial harm from fraud based on the size of the payment alone.

The payments Mrs M made to W were spread over the course of two and a half years. And there were no obvious indicators that I think should have prompted Lloyds to be concerned about them. The payments fluctuated in value, rather than getting progressively higher, as we often see in scams. And there were no published warnings about W that Lloyds ought to have been aware of. I've also borne in mind that by the time Mrs M made the later payments, W had been an established payee on her account for some considerable time.

Mrs M's representatives have suggested that because Mrs M was "inexperienced", Lloyds should have regarded her as vulnerable. But I don't consider that there was any reason for Lloyds to enquire as to what the payments were for, or to look into Mrs M's investment experience. And (although Mrs M's representatives haven't raised this specifically) while I acknowledge that Mrs M's age might have put her into a group which is considered to be more likely to be vulnerable to scams, I consider this to be just one of a number of factors that Lloyds should fairly take into account when deciding whether a payment presents a heightened risk.

As I've noted above, though I don't doubt that Mrs M sadly lost a lot of money, it's not entirely clear that this was the result of a scam. However, taking everything into account and for the reasons I've set out, I don't think Lloyds could reasonably have been expected to intervene before processing the payments in any event. And as the investigator explained, by the time Mrs M's representatives took up her complaint in 2024, it was too late to raise a chargeback claim. I can't see any other way in which Lloyds could realistically have recovered Mrs M's money.

I'm sorry to disappoint Mrs M. I realise that this won't be the response that she'd hoped for. But I don't consider that Lloyds, which had no part in any scam itself here, can fairly be held responsible for her loss.

My final decision

My final decision is that I do not uphold this complaint.

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

Juliet Collins

Ombudsman