

The complaint

Mr and Mrs O are unhappy Lloyds Bank PLC ('Lloyds'), hasn't refunded them the money they lost after falling victim to an Authorised Push Payment ('APP') scam.

What happened

The details of this case are well-known to both parties, so I don't need to repeat them at length here. In summary, Mr and Mrs O fell victim to an employment / visa purchase scam.

As Mrs O liaised with the scammer and made the payments, and for ease of reading, I will refer to Mrs O in the main.

Mrs O had been looking for a job for her husband which provided a Certificate of Sponsorship ('CoS') which he could use for a visa application as his current visa was due to expire. Mrs O asked a family member to keep a look out for job vacancies for her. This family member advised that they had a friend, who I'll call 'K', who was also looking for a job that provided a CoS. And Mrs O was told that K's colleague's sister worked for a company that was recruiting for jobs that provided a CoS.

Mrs O contacted K who put her in touch with the scammer whom I'll call F. It appears that Mrs O was led to believe that F worked in the recruitment department at a company that was hiring, and it also provided a CoS. F advised Mrs O that her company was urgently recruiting support workers for various locations. Mrs O expressed an interest in a suitable location and asked for more details about the position and process. She was told that the total fee would be £10,000, with £5,000 needing to be paid upfront. The reason for the total amount being £10,000 was for the CoS and visa, and to take into account past applicants had resigned soon after being hired, which caused a financial loss to the company and that there was also a need to fast track the process.

Mrs O, believing everything to be genuine, made payments towards the £5,000 upfront fee and did so using the account details she had been provided by F. On 2 January 2024, Mrs O made three payments totalling £3,000, a further £1,000 on 3 January 2024 and then a further £1,000 on 12 January 2024.

Mrs O was told the process was likely to take around three weeks, but she didn't hear anything, so chased for an update. She was told there was an issue with the Home Office and the application wouldn't take much longer. Sadly, Mrs O didn't hear anything further from F and she realised she had been the victim of a scam.

Mrs O contacted Lloyds on 23 April 2024 to report the matter and to see if it could recover or reimburse her funds.

Lloyds subsequently contacted the Receiving Firm (the beneficiary bank where the funds had been sent to), but unfortunately it advised no funds remained that could be recovered and returned to Mrs O.

Lloyds also considered whether Mrs O was due a refund of the funds she lost. Lloyds considered the case under the Lending Standards Board 'Contingent Reimbursement Model' (referred to as the 'CRM Code') which it was a signatory of at the time of the payment.

The CRM Code was implemented to reduce the occurrence of APP scams. The CRM Code required firms to reimburse customers who have been the victims of APP scams like this in all but a limited number of circumstances.

Under the CRM Code, where there is a failing by either the Sending Firm or Receiving Firm, they may be required to reimburse the customer. And, importantly, the customer may also be required to share some responsibility for the loss if it is determined that one of the exceptions to full reimbursement, as set out within the CRM Code, applies.

Lloyds didn't agree that it was liable to reimburse Mrs O under the CRM Code. It didn't consider Mrs O had carried out enough checks or taken enough steps to verify the legitimacy of who she was paying. So, it considered there was an exception to reimbursement – namely that Mrs O didn't have a reasonable basis for believing that the payment was for genuine goods or services, or that the person or business with whom she transacted with was legitimate.

Unhappy with Lloyds' response, Mrs O brought her complaint to this service. One of our Investigator's looked into things and didn't uphold the complaint. In short, they agreed with Lloyds' assessment of the complaint under the CRM Code – that Mrs O made the payment without having a reasonable basis for believing that the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate. They considered there were some concerning features that ought to have given Mrs O cause for concern that all might not be as it seemed. And, given the value of the payments, they didn't consider, under the CRM Code, that Lloyds was required to display an 'effective warning' as part of the payment process. So, our Investigator agreed Lloyds had acted fairly and reasonably in choosing to decline reimbursement under the CRM Code.

Mrs O didn't agree with the Investigator's opinion. So, as agreement couldn't be reached, the complaint has been passed to me for a final 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.

I'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. And that is whether it was fair for Lloyds to decline reimbursing Mrs O under the provisions of the CRM Code or whether there was any other failing by Lloyds that meant Mrs O's loss could have been prevented. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

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

I'm sorry to disappoint Mrs O, but I'm not upholding her complaint. I know she's been the victim of a cruel scam, and I don't doubt that these events have had a significant impact on her and her husband. But I don't believe Lloyds has acted unfairly or unreasonably in not reimbursing Mrs O under the provisions of the CRM Code or for any other reason. I'll explain why.

There's no dispute that Mrs O authorised the payments that are the subject of this complaint, even though she did so as a result of being deceived by a fraudster. Broadly speaking, under the account terms and conditions and the Payment Service Regulations 2017 (which are the relevant regulations here), she would normally be liable for them. But that isn't the end of the story.

Where a customer has been the victim of a scam it may be appropriate for the bank to reimburse the customer, even though payments have been properly authorised. Of particular relevance to the question of what is fair and reasonable in this case is the CRM Code.

The CRM Code required firms to reimburse customers who have been the victims of APP scams like this, in all but a limited number of circumstances. Under the CRM Code, a Sending Firm may choose not to reimburse a customer if it can establish that*:

- The customer made payments without having a reasonable basis for believing that: the payee was the person the Customer was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate.
- The customer ignored what the CRM Code refers to as an 'Effective Warning' by failing to take appropriate action in response to such an effective warning.

**Further exceptions outlined in the CRM Code do not apply to this case.*

In this case, I think Lloyds has been able to establish that it may choose not to reimburse Mrs O under the terms of the CRM Code. I'm persuaded one of the listed exceptions to reimbursement under the provisions of the CRM Code applies.

I have taken into account all of the circumstances of this case, including the characteristics and complexity of the scam. Having done so, I think the concerns Lloyds has raised about the legitimacy of the transactions Mrs O made are enough to support its position that she didn't have a reasonable basis for believing the payments were for genuine goods or services; and/or the person or business with whom they transacted was legitimate. I'll explain why.

In order to determine whether this exception to reimbursement applies, I must ask if Mrs O made the payments she did whilst having a reasonable basis for belief that all was genuine. I'm afraid I don't find that's the case having considered all the testimony and evidence presented to me.

Upon reviewing what's happened, I understand that Mrs O was desperately worried about her husband's visa expiring and the urgency of wanting to obtain a job for him that provided a CoS and the potential consequences of what could happen if he didn't. However, I have to also bear in mind how they came across the individual in question (F) and what was presented to them in terms of the job recruitment and the process and the amount they were required to pay in order for this process to happen. Having done so I think Mrs O needed to approach matters with far more caution and ought to have sought to verify things more than she did.

I'm mindful that Mrs O was informed by a family member that they had a friend – K. And it was K's colleague who had a sister (F) that was working for a company that was recruiting workers and providing a CoS. So, Mrs O didn't know this person, and the connection was arguably quite far removed from a direct personal family or friend recommendation that had for example used them successfully before.

From what I have been provided, it doesn't appear that Mrs O sought the name of the company that was supposedly recruiting, whether that was a specific company that was hiring or a recruitment agency. Nor can I see that Mrs O sought to verify that F worked for the company/recruitment agency. Given Mrs O was seeking employment with an employer who provided a CoS, it's reasonable to expect that Mrs O ought to have checked/carried out research to ensure that the person and company/recruitment agency she was dealing with existed and was legitimate.

Lloyds has raised a point within its submissions that when applying for any types of Visas, clear information about the process and costs are available on the GOV.UK website. I am inclined to agree here. While I appreciate that English may not have been Mrs O's first or native language – she and her husband had been residing within the UK and could communicate (speak, read and write) in English. And it is not unreasonable to suggest that they also had friends, family or colleagues that potentially could have helped them to look at what the formal requirements and processes are and what the costs typically are – especially given the seriousness of matters and the potential Visa implications they may face.

And having read the messages between Mrs O and F, I think there were some clear warning signs that things might not be quite as they seem. I can see Mrs O was asked to pay the £5,000 upfront very early on but she was also asked by F to spread the payments into lower amounts. I would question why a legitimate company would seek multiple lower payments for a service it is providing if that service is genuine. I am also mindful that Mrs O was making the payment to a personal account – and not to a business account in a company's name. I think that ought to have raised some concern, but Mrs O didn't seemingly question things and seemingly took what she was told at face value.

Mrs O also asked if there was going to be an interview and what the next stage would be after the payment, with F advising that the upfront payment was just to issue the CoS and an interview would come later. So, Mrs O hadn't had a job interview, arguably meaning she might not actually be successful in getting the job, but was being asked to make a payment upfront for the CoS.

Being asked to pay £10,000 to get a job with CoS and being asked to pay half that amount upfront for the CoS, and without having had an interview and not knowing any company details ought to have given Mrs O serious cause for concern that things might not be legitimate. And Mrs O ought to have carried out far more checks on F and any company they purported to work for while also looking to see what the genuine CoS process is.

I might understand how in isolation any one of these things I've mentioned above may not have prevented Mrs O from proceeding. But when taken collectively I think there were sufficient red flags here that reasonably ought to have led Mrs O to have acted far more cautiously than she did, and ask questions, or carry out some additional checks to ensure the person she was dealing with was legitimate.

Overall, I think there were some warning signs here, and Mrs O needed to approach matters with considerable caution to ensure that the person she was dealing with was legitimate.

I note Mrs O's representatives have argued that Mrs O was vulnerable at the time, due to her language barrier and also the urgency of the situation. Under the CRM Code, if it is deemed that a customer was vulnerable then they are entitled to be reimbursed. However, for the reasons I've touched on above, I don't find Mrs O was vulnerable. I'm not persuaded that the evidence suggests that any language barrier here meant they were unable to protect themselves from this particular type of scam.

I say that as I can see that Mrs O asked for ID from F that matched the bank account details and stated it was because of the '*wickedness out there*'. So, Mrs O was arguably aware that scams involving transferring money can take place. And when Mrs O didn't hear from the fraudsters she chased and challenged them, demonstrating that she was able to question things when they appeared to be wrong.

For reasons already explained, I've not seen any evidence to suggest that she couldn't have questioned / challenged or carried out more research to have satisfied herself that things were as they seem, and she was dealing with a legitimate person / company. I say that especially as it seems Mr and Mrs O also had the support of their family, friends and the community as noted in the representative's submissions.

So, I think Lloyds can fairly rely on one of the exceptions to reimbursement – that Mrs O made the payments without a reasonable basis for believing the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate.

Should Lloyds have done anything else to prevent the scam?

Good industry practice requires that regulated firms such as Lloyds engage in the monitoring of customer accounts and to be on the lookout for suspicious or out of character transactions with an aim of preventing fraud and protecting customers from financial harm.

And under the CRM Code, where it identified a risk of a customer falling victim to an APP scam, it was required to provide that customer with an 'effective warning'.

We now know, with the benefit of hindsight, that Mrs O was falling victim to a scam. But based on the information that was available to it at the time, I don't consider Lloyds would've had any reasonable basis for believing that its customer was falling victim to an APP scam at the time the payments were made. So, when considering the CRM Code, it wasn't required to provide its customer with an 'effective warning' – as defined by the CRM Code. I say this because I don't consider the payments appeared so out of character or unusual and the payments weren't particularly large or remarkable. So, I can't fairly or reasonably conclude that Lloyds hasn't met its obligations under the CRM Code.

Also, and for the same reasons, I'm not persuaded Lloyds would've had any grounds for intervening to question the payments any further with Mrs O, such as through human intervention, before allowing them to be processed. So, I can't fairly say it would have been able to prevent Mrs O's loss.

Recovery of funds

I have also considered whether Lloyds did all it could to try and recover the money Mrs O lost. Lloyds was limited in terms of what it could do here; it could only ask the Receiving Firm to return any money that remained in the recipient account. It needed to make enquiries quickly for the best chance of recovery. The evidence I've seen persuades me Lloyds did act quickly. While Mrs O had reported the matter – it was unfortunately some months after she had made the payments. Sadly, it is common for fraudsters to withdraw or move the money on as quickly as possible. And that was the case here with the Receiving Firm confirming in its response to Lloyds that no funds remained. So, sadly there wasn't any further Lloyds could do to help Mrs O recover any money.

Summary

With all of this in mind, I am sorry that Mrs O lost her money this way and fell victim to a cruel scam and is out of pocket as a result. And I don't underestimate her strength of feeling and why she thinks this money should be returned in full. But for the reasons explained, I don't find that she had a reasonable basis for believing the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate. So, I don't consider Lloyds has acted unfairly or unreasonably in not reimbursing Mrs O under the provisions of the CRM Code. And it isn't liable for the loss either, as I don't find it could have reasonably prevented her loss or recover any funds as they had already been moved on or utilised already.

My final decision

For the above reasons, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O and Mrs O to accept or reject my decision before 10 September 2025.

Matthew Horner
Ombudsman