

The complaint

Mr G, who is represented, complains that Lloyds Bank PLC won't reimburse him funds he says he lost from an investment fraud.

What happened

As the circumstances of this complaint are well-known to both parties, I have summarised them briefly below.

In April 2020, Mr G received messages from a third-party, who I will refer to as Mr A, that he'd met previously at a hospitality venue and exchanged numbers with.

Within the messages, Mr A pitched an investment opportunity to Mr G. In summary, the investment involved Mr A being provided with funds, which he would trade on Mr G's behalf.

Happy to proceed, on 19 May 2020 Mr G made two card payments from his Lloyds bank account totalling £30,000. These payments were made to a legitimate trading platform and funded an account in Mr G's control.

Mr G was then instructed to sign an official document, allowing Mr A to trade the funds within the account on Mr G's behalf. Mr G could see that Mr A was trading on the account. But eventually all his funds were lost and Mr G believed he'd been the victim of fraud.

Mr G's representative complained to Lloyds on his behalf, but after considering the evidence Lloyds didn't agree it had made an error. In summary, it found that the payments weren't unusual for Mr G's account. It also found that Mr G ought to have done more to protect himself in the circumstances.

As Mr G disagreed, his representative referred his complaint to our service for an independent review. An Investigator considered the evidence and testimony provided by both parties, but concluded that the complaint should not be upheld. In summary, they felt that the matter was more likely a civil dispute between Mr G and Mr A rather than a fraud.

Mr G, via his representative, disagreed. So the matter has now 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.

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

There is no dispute here that Mr G authorised the transactions in question. And the starting position in law is that Mr G will be held liable for transactions he authorised in the first

instance. That is due to Lloyds' primary obligation to process payments in line with its customer's instructions, as set out in the Payment Services Regulations 2017.

However, taking into account the above, Lloyds ought reasonably to have been on the lookout for any transactions that would indicate Mr G was at risk of financial harm. And where it identifies a risk, it ought reasonably to intervene and provide warnings. Where it has failed to do so, it may be held liable for Mr G's loss in full or in part.

Has Mr G likely been a victim of fraud?

In order for me to investigate whether Lloyds ought to have done more in the circumstances of this complaint, I must first be satisfied that Mr G has—on the balance of probabilities—been the victim of fraud.

While Mr A was not a close and trusted friend of Mr G, they had met in person and exchanged numbers after talking with each other in a hospitality venue. So Mr A wasn't a stranger to Mr G and had approached him in a way not typically associated with the modus operandi of fraudsters.

There is also no evidence to suggest that Mr A had misled or misrepresented himself in any way. He was the person he claimed to be, and it would appear from the message exchange between them that many of the claims Mr A was making were being researched and confirmed by Mr G in real time. Mr G has also provided our service with no information post event that would suggest Mr A was making false claims about any of the information he was providing him at the time.

Mr G's representative has suggested that a claim of 50% returns on his investment was an unrealistic one, and proves deception. But the evidence doesn't support that assertion.

Within the body of the message exchange between Mr G and Mr A, I have seen no claims of 50% returns. Instead, Mr A provided Mr G with options that depended on his risk appetite. Of those options, Mr G chose the lowest risk. And that provided a return on investment of 15-20%, with Mr A claiming that he had achieved returns as low as 11% previously. So there was no 'guarantee' this could be achieved; to the contrary, Mr A uses the word 'risk' regularly throughout the conversation.

Mr G's representative has also pointed out that a stop mechanism at 15% losses, agreed by both parties, was not adhered to: proving that Mr A set out with an intent to defraud. Again, I can't agree with that assertion.

While I can see within the body of the messages that a stop mechanism was agreed, I can see Mr A maintained communication with Mr G after the losses over that amount were identified. And a conference call was arranged and attended by both parties to discuss this. After, Mr G acknowledged in messages that the account appeared to be doing better and allowed Mr A to continue trading on his behalf. I must also point out that Mr G had control over his trading account at all times and had the ability to cease trading activity at any time.

Lastly, Mr G's representative has provided evidence to our service that there is currently an active law enforcement investigation into Mr A. And due to Mr A no longer being within the UK, an arrest warrant has been issued for him in the event he returns.

I do acknowledge that this appears, to the layman, to be proof Mr A is a fraudster—as it infers that the police have taken the matter seriously enough to pursue this course of action. However, the purpose of an arrest is to interview the individual and gather evidence. And that will likely go toward investigating Mr A's intent at the time; the result of which may or

may not lead to his prosecution. But I am not privy to the information held by the police, so cannot consult on the wider circumstances of this investigation

I do acknowledge the possibility that Mr G has been the victim of fraud here. But from the information available to me, I cannot reasonably eliminate the possibility he has instead lost his money to a failed investment. However, should information come to light in the future that supports Mr G's assertion that Mr A set out with the intent to defraud him, he can present this evidence to Lloyds for further review.

Overall, I'm not persuaded from the evidence available that Mr G has been the victim of fraud. I therefore cannot reasonably hold Lloyds liable for his loss.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 30 September 2025.

Stephen Westlake
Ombudsman