

## **The complaint**

Mr T complains that Lloyds Bank PLC ('Lloyds') hasn't refunded the money he believes he lost to an authorised push payment ('APP') scam.

## **What happened**

The circumstances of the complaint are well-known to both parties. So, I don't intend to set these out in detail here. However, I'll provide a brief summary of what's happened.

In March 2019, Mr T decided to invest in a company, which I'll refer to as 'H'. He sent a £20,000 faster payment to H's account with Lloyds. Mr T now believes that H was operating an APP scam, resulting in a financial loss to him and many other investors in H.

Mr T reported H to his own bank but didn't receive a refund. He also made a complaint to Lloyds, but this was declined. Lloyds wasn't persuaded that H was an APP scam and so it didn't think it was responsible for Mr T's loss, as it considered the situation to be a civil dispute between Mr T and H.

Unhappy with Lloyds' response, Mr T referred his complaint to this service. Our Investigator considered the complaint but didn't uphold it. In summary, our Investigator said there was insufficient evidence to demonstrate H was an APP scam at the time of Mr T's payment, meaning Lloyds hadn't acted incorrectly by declining to reimburse Mr T's loss.

Mr T didn't accept our Investigator's opinion. He said his money wasn't used for its intended purpose and Lloyds should've done more to monitor H's account for suspicious behaviour. As an agreement couldn't be reached, the complaint has 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.

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, which is whether Lloyds was fair in its answering of the complaint that the matter was a civil dispute and to see whether there was anything else Lloyds could've done to prevent the loss.

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.

For me to say Lloyds can fairly be held responsible for Mr T's loss, I'd first need to be satisfied that Mr T's circumstances meet the Financial Conduct Authority ('FCA') definition of an APP scam. The relevant definition in this case is that Mr T transferred funds to H for what he believed was a legitimate purpose, but which was in fact fraudulent.

The purpose of a payment forms part of the FCA's definition of an APP scam. As such, the reason Mr T sent funds to H is a relevant consideration when investigating whether the relevant definition applies in these circumstances or not. For me to say the definition has been met in this case, I need convincing evidence to demonstrate Mr T was dishonestly deceived about the very purpose of the payment he made – i.e., that it was criminally obtained.

Mr T hasn't provided evidence of his investment with H. However, he says he understood H was involved in the property development industry and that the money he sent to H would be used towards the purchase of a specific piece of land for property development. He doesn't believe his funds were used for that purpose. However, the relevant test here isn't whether Mr T's funds *were* used for that purpose. To uphold Mr T's complaint, I'd need to be satisfied that H had no intention of using the funds for that purpose when the payment was made.

In their opinion on Mr T's complaint, our Investigator covered in detail why they thought H was operating a genuine business at the time Mr T sent his funds. I won't cover these reasons in detail again, but I think it's important to recognise that H had started (and in some cases completed) several construction projects, in line with what it was telling investors, which gives the impression that it was operating a genuine business.

I accept it's possible that H was carrying out some property development to give the impression it was a genuine business, whilst simultaneously stealing money from investors. But the size and scale of the completed projects makes this unlikely. And it's also possible that H was operating a genuine business which became unsustainable, leading to it entering administration in January 2022.

Mr T has made several allegations about H's conduct before and after he made his investment, which he believes demonstrate H was operating an APP scam, rather than a genuine business, at the time he sent the funds. However, those allegations don't convince me that it's more likely than not that H wasn't intending to use Mr T's funds as part of a property investment scheme. In my opinion, it's equally likely, if not more likely, that H was a failed investment as Lloyds has argued.

I accept that some of the allegations, if true, suggest H was operating with some poor business practices and/or financial mismanagement, and that Mr T may have been misled about H's financial situation at the time he invested. But this isn't sufficient to say H didn't intend to use Mr T's funds for property development, or that Mr T was dishonestly deceived about the very purpose of the payment he made. As a result, I'm not persuaded it was unfair for Lloyds to treat the situation as a civil dispute between Mr T and H, or that it should've reimbursed Mr T's loss. To my mind, Mr T hasn't demonstrated that H most likely had a different purpose intended for Mr T's funds.

I appreciate H failed to deliver what was expected from Mr T's investment, resulting in a significant loss to him. However, I haven't seen any clear evidence this was always what H intended; or that at the time of the payment, it planned to use Mr T's funds in a different way to what was agreed. I haven't seen persuasive evidence that H's intention was to defraud Mr T when it took his funds.

Whilst I don't think Lloyds was wrong to treat Mr T's claim as a civil dispute, for completeness I've also considered if there was anything else Lloyds could've done to prevent his loss.

This service has only had the power to consider complaints about receiving firms (like Mr T's complaint about Lloyds) since 31 January 2019. These powers don't apply retrospectively, meaning we can't consider a receiving firm's acts or omissions that occurred before that date. In this case, Lloyds' provided evidence which shows H's account was opened prior to the above date, which means I can't consider or comment on the account opening process.

Mr T made the disputed payment around two months after 31 January 2019. So, I've thought about whether Lloyds missed an opportunity to detect H was using the account in a suspicious manner at that time. However, from the evidence I've seen, I don't think Lloyds reasonably ought to have suspected H was using the account for the purpose of operating an APP scam (and as I've explained above, I'm not persuaded it was most likely using the account for that purpose). Furthermore, I haven't seen any evidence to suggest Lloyds had received any reports, prior to March 2019, that H was defrauding investors. As a result, I don't think Lloyds missed an opportunity nor had any reasonable grounds to intervene and question H about its account activity.

Mr T didn't raise the situation with Lloyds until 2024, several years after H's account had been closed. Lloyds said it considered H to have been a legitimate investment which unfortunately failed, so there was nothing it could've done to attempt to return Mr T's funds to him. I don't find that response to be unfair or unreasonable in the circumstances.

I appreciate Mr T has lost a substantial amount of money as a result of his payment to H and I have natural sympathy with him. However, for the reasons I've explained above, I don't think Lloyds can fairly be held responsible for his loss. Based on the evidence currently available, I think Mr T's loss has most likely arisen out of a civil dispute between him and H, which Lloyds isn't liable for.

### **My final decision**

For the reasons explained, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 15 October 2025.

Liam Davies  
**Ombudsman**