

Complaint

Mr D is unhappy that Lloyds Bank PLC didn't reimburse him after he reported falling victim to a scam.

Background

In 2024, Mr D was looking to purchase a van. He found an advert on eBay for a second-hand van that seemed to match his requirements. Unfortunately, although he didn't realise it at the time, the person he'd contacted wasn't a genuine seller, but a fraudster.

The agreed price for the van was £4,350. He paid a deposit of £2,200 on 1 May 2024. However, I understand the seller then told him he was going to sell the van to someone local to him who was able to pay the full price upfront. Mr D agreed to pay the balance and did so on 2 May. The seller agreed to deliver the vehicle to him in person, and Mr D paid him a further £50 in recognition of that.

When the van didn't turn up on the promised date and the seller had switched his mobile phone off, Mr D suspected he must have fallen victim to a scam. He notified Lloyds, but it didn't agree to reimburse him. In its view, Mr D hadn't taken adequate steps to protect himself from the risk of a scam here. Mr D wasn't happy with that response and so he referred his complaint to this service. It was looked at by an Investigator who didn't uphold it. Mr D disagreed with the Investigator's opinion and so the complaint has been passed to me to consider and come to a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account. However, that isn't the end of the story. Lloyds was a signatory to the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code). Under the CRM Code, firms are expected to reimburse customers who fall victim to authorised push payment (APP) scams in most circumstances, subject to several exceptions.

The most relevant exception here is:

"... the Customer made the payment without a reasonable basis for believing that ... the person or business with whom they transacted was legitimate."

I must consider whether that exception applies on the facts of this case. I accept that Mr D genuinely believed he was purchasing a second-hand vehicle from a legitimate seller. However, I need to consider whether that belief was reasonable in the circumstances and I'm afraid I'm not persuaded that it was.

I realise that he did take some basic steps to protect himself. For example, he conducted a check to investigate the history of the vehicle – i.e. to work out whether it was subject to an outstanding finance agreement, had been reported stolen and so on. However, from what I've seen, he didn't do anything to establish that the person he was communicating with was the owner or registered keeper of the vehicle, such as requesting a copy of its logbook. It was crucial for him to confirm that he was dealing with someone who genuinely had the van in their possession and that's something a reasonably cautious buyer would have done.

He paid half the price upfront to secure the vehicle, but the seller soon broke that promise and pushed for full payment. This should have raised doubts about the seller's intentions. Even if Mr D thought the sale was genuine at first, this behaviour should have made him more wary. Finally, I can see that he agreed to pay an additional £50 for the vehicle to be delivered. However, given the distance of 150–200 miles between the seller's address and his home, this amount would barely cover the fuel costs for the journey. I think it should've occurred to Mr D that this wasn't realistic and that it was therefore doubtful that the sale was a genuine one.

The CRM Code also sets out standards that firms are expected to follow. In particular, it required Lloyds to monitor for account activity that appeared unusual or out of character, as this could indicate a risk of fraud. Where such risk is identified (or reasonably should have been) the firm should provide the customer with an effective warning. However, I'm not persuaded that Lloyds had grounds to treat either payment as presenting a particularly high fraud risk. The payments were not especially large, and I can see that Mr D had made other transactions of similar value in the months before the scam. In short, I don't think Lloyds acted incorrectly by processing these two payments without further questioning or providing a written warning.

I've also considered whether Lloyds did everything I'd have expected in terms of recovering Mr D's money from the receiving bank – that is, the bank that controlled the fraudster's account. After it was notified of the scam, it promptly sent a message requesting Mr D's funds be returned to his account. Unfortunately, those efforts did not result in any funds being recovered.

I don't say any of this to downplay or diminish the fact that Mr D has fallen victim to a cynical scam. I have a great deal of sympathy for him and the position he's found himself in. Nonetheless, my role is to look at the actions and inactions of the bank. It decided that it wasn't required to pay him a refund under the CRM Code, and I think its conclusion on that was fair and reasonable.

Final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 2 January 2026.

James Kimmitt
Ombudsman