

The complaint

Mr D complains about Lloyds Bank PLC.

He would like Lloyds to refund him £950 that he lost to a recovery scam.

What happened

The details of what happened here are well-known to both parties, so I won't repeat them in detail here.

In summary, Mr D had previously invested into companies producing wine, however these companies went into liquidation between 2014 and 2015.

In September 2020, Mr D received a call from an individual claiming to be representing a company I will refer to as L.

L explained that it had recovered Mr D's money, and that this could be released to him if he paid a recovery fee of £2,500, which was to be paid to an escrow company called 'S'.

Mr D successfully paid £950 from his account on 7 October 2020 but was stopped by Lloyds when he tried to make the next payment of £1,550.

Lloyds asked Mr D into branch to discuss the payment and told Mr D that it was a scam – S was not an escrow company, and L was impersonating another legitimate business.

Mr D made a complaint about this, which Lloyds considered under the Lending Standards Contingent Reimbursement Model code (CRM Code) but declined to refund him. It said that Mr D didn't have a reasonable basis for belief that L was legitimate.

Mr D then brought his complaint to this Service, and our Investigator looked into things. They said that Lloyds didn't need to intervene in the payment, as it was of low value – and that they didn't think that Mr D had a reasonable basis for belief that L was genuine.

Mr D asked for an Ombudsman to make a final decision, so the complaint has 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 have decided not to uphold this complaint. I know this will be disappointing for Mr D, so I'll explain why.

It isn't in dispute that Mr D authorised the payment of £950. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that he's liable for the transaction. But Mr R says that he has been the victim of an authorised push payment (APP)

scam.

Lloyds has signed up to the voluntary CRM Code, which provides additional protection to scam victims. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances).

Is Mr D entitled to reimbursement under the CRM Code?

Generally, there are two exceptions to reimbursement under the CRM Code (there are other exceptions, but these do not apply here)

- Mr D ignored an 'Effective Warning'
- Mr D made the payments to L without a reasonable basis for belief that they were for genuine goods/services; and/or L was legitimate.

I don't find that Lloyds was required to provide Mr D with a warning about the payment before it was processed – the amount was small, and didn't look suspicious – so I don't think that Lloyds would have had any concerns that Mr D may have been falling victim to a scam.

I find that Mr D didn't have a reasonable basis for belief that L was genuine. I say this because;

- Mr D had previously received education about recovery scams from Lloyds, the police, and the Financial Conduct Authority (FCA).
- L shared information (in the form of a bank statement) with Mr D that no reputable company would do as this would be a breach of GDPR regulations. Although I accept that the statement provided to him does look convincing, it contained details of other individuals. Mr D says that some of these details were redacted – in the statement provided to me, this does not appear to be the case.
- L reached out to Mr D nearly five years after Mr D's investment went wrong – while I understand that it had information about Mr D and his investment, I don't think that Mr D should have taken this on face value – particularly as he had been stung by a similar scam previously.
- While L seemed to know about the investment, it doesn't appear that it was the liquidator of the company Mr D made his investment with – so it is unclear how it would have known about the investment or been the recipient of and of the funds.
- There was a discrepancy between the address of L in the email that Mr D received and the genuine company L, which it was impersonating. While companies registered addresses on Companies House can differ to the actual location of a company, I can't see what steps Mr D took to verify who L were.
- The company S, which Mr D was asked to pay, is not connected to any financial activities – Mr D says that he did note that S was registered as an 'event catering' company – but was persuaded by L that this was one of their holding accounts. I do not find this to be plausible, and I don't think that Mr D should have just accepted this

While I do understand that Mr D found the information provided to him convincing, I am not persuaded that he should have done.

So, I don't think that Lloyds need refund him the money he has lost under the CRM code.

My final decision

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 12 June 2025.

Claire Pugh
Ombudsman