

## **The complaint**

Mr B complains about Lloyds Bank PLC.

He says that he has been the victim of a scam and would like Lloyds to refund him the money he has lost.

## **What happened**

In March 2022 Mr B loaned an individual I will refer to as 'C' £20,400 over a 12-week period to help C complete an investment property. The funds were paid to buy out another investor who needed to leave the investment.

However, C didn't repay the loan – and Mr B says that he has been the victim of a scam.

He complained to Lloyds about what happened. Lloyds considered the complaint under the Lending Standards Contingent Reimbursement Model code (CRM Code) but declined to refund him. It said that the payment wasn't unusual for Mr B's account – so it didn't look suspicious compared to Mr B's usual spending – and that it didn't consider Mr B had a reasonable basis for believing that C was genuine. So, Mr B brought his complaint to this Service.

Our Investigator looked into things, but didn't think that Lloyds needed to refund Mr B – they agreed that the payment was not out of character for Mr B – and that he didn't have a reasonable basis for believing that the investment was genuine.

Mr B 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 B, so I'll explain why.

It isn't in dispute here that Mr B has been the victim of a scam – and I am very sorry to hear of the situation he now finds himself in. However, even when a scam has occurred, it doesn't necessarily mean that a bank needs to refund the money that has been lost. It is also important to remember that it isn't Lloyds that has caused the loss, but the scammer.

Mr B authorised the payments he made. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that he's liable for the transaction. But Mr B 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 B 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 B ignored an 'Effective Warning'
- Mr B made the payments without a reasonable basis for belief that they were for genuine goods/services; and/or the supposed investment was legitimate.

Looking at the payment Mr B made, I agree with our Investigator that it would not have been apparent to Lloyds at the time that the payment represented an APP scam risk to Mr B – and so it didn't need to provide Mr B with an effective warning at the time. While the payment was large, it wasn't unusual for Mr B to make large payments from his account, and of the nine payments Mr B authorised from his account between July 2020 and March 2022, seven of them exceeded the £20,000 Mr B made to C.

I also don't find that Mr B had a reasonable basis for belief that the investment was legitimate for the following reasons;

- The contract between Mr B and C does not make any mention of a property that Mr B was supposedly investing in – and there is no evidence that C owned the property, or that the property existed either.
- C provided a spreadsheet supposedly outlining his assets and investments to reassure Mr B that he could be trusted – however, this doesn't show that C actually owned the investments or assets, some of which were part of larger organisations and therefore could not be owned by C individually.
- C also showed Mr B his total asset value – which was supposedly in excess of £10,000,000 – which could have raised a question as to why C required a comparatively small sum from Mr B at all.
- Mr B was required to pay the funds directly to C personally – rather than to a business account, as I would have expected for a legitimate investment.
- C was linked to another individual, G, shown on Companies House. G was linked to numerous dissolved companies and there were various articles available about highlighting concerns with his business practices. While an article Lloyds has referred to about G doesn't seem to have been available prior to Mr B making his payment, it does appear that Mr B checked companies house and saw the association between C and G – and Mr B asked C directly if G was involved with this investment (to which C confirmed that G wasn't involved), which Mr B appears to have accepted at face value, although it appears he would have known about the concerns regarding G to have asked the question, and perhaps should have looked in to this further.

In any event, even taking G out of the equation, I think that there was enough going on that should have caused Mr B concern about the legitimacy of the investment, and I don't find that he had a reasonable basis for belief.

I am also satisfied that Lloyds did what it could to try and recover Mr B's funds when he reported the scam to it – but the money had already been removed by this point.

I am very sorry that Mr B has lost money to this scam – however, the fault ultimately lies with the scammer, and as I don't think that Lloyds is at fault, despite the CRM code applying to Mr B's complaint, I don't find that Lloyds is required to reimburse Mr B his losses.

**My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 29 August 2025.

Claire Pugh  
**Ombudsman**