

## The complaint

Mr H is unhappy that Lloyds Bank UK Plc decided not to refund it after Mr H says it was the victim of a scam.

Mr H is using a professional representative to bring this complaint. I'll refer to them as F.

## What happened

Mr H entered into an investment opportunity with a company, I'll refer to as S. S issued Mr H with secured bonds. He made payments in January and August 2021 and received a small number of returns.

S entered into liquidation in April 2022, and a new liquidator was appointed in Nov 2024. In May 2025 a liquidators' statement of receipts and payments was updated on Companies House. The latest report says the following:

*"the quantum and timing of any future dividend to creditors are currently unknown and are wholly dependent on future asset realisations"*

Regarding contracts at a specific site, it says

*"Our investigation into the value of the works completed and the sums paid for that work remain part of our ongoing investigation strategy"*

It also says its

*"liaising with FCA and investors to collect pertinent information."*

F raised a scam claim with Lloyds. It issued its final response in December 2024, which said it would not be upholding Mr H's claim. It said based on the evidence it had seen, this was a failed investment, due to S being in liquidation, rather than a scam.

Mr H brought the complaint to our service. One of our investigators looked into things, he concluded there was some evidence that the funds were used for the intended development that Mr H thought he was investing in. He therefore didn't think there was enough evidence to say Mr H had been the victim of a scam. But said if in the future, further evidence came to light which demonstrated that Mr H had been the victim of a scam he should raise this with Lloyds.

F did not accept the investigators findings. In summary F said:

- Banks should take a proactive approach to identifying transactions, that even if they superficially appear legitimate, could expose their customers to financial harm.
- The CRM Code should not be the sole determination of whether a reimbursement claim is valid. Lloyds should have had fraud detection processes in place. And it should have undertaken more vigorous checks.
- The finding regarding fraudulent purposes doesn't mean Mr H wasn't misled about

the fundamental nature or risks of the investment.

- Lloyds could commit to assisting Mr H in investigation wither fraud was involved.

And F asked for an ombudsman to review the decision.

### **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've come to the same conclusions as the investigator for largely the same reasons. I know that this will come as a disappointment to Mr H but I'll explain my reasons below. I'm sorry that Mr H has lost a significant sum of money as a result of this investment.

However, not all failed investments are as the result of an authorised push payment (APP) scam. And, in order for Lloyds to be liable to refund Mr H, then I need to be satisfied that Mr H has been the victim of an APP scam, when applying the Contingent Reimbursement Model (CRM) Code and other relevant industry guidance in deciding the outcome of this complaint.

That's not to take away that Mr H hasn't suffered a loss or, that some fraudulent behaviour may or may not have been underlying the S's actions. But it's important to note that I am not deciding a dispute between Mr H and S – I don't have the power to look into a complaint about that company. My role is limited to deciding the dispute between Mr H and Lloyds based on the information I have access to, or has been provided by the parties to the complaint. I need to decide whether Lloyds acted fairly, when concluding that this amounted to a civil dispute and not an APP scam. I'm satisfied that it did, and I'll explain why below.

In order to be persuaded on balance that Mr H has been the victim of an APP scam I need to look to the definitions set out in the CRM code. At

#### **DS1(2)**

*Authorised Push Payment scam, that is, a transfer of funds executed across Faster Payments, CHAPS or an internal book transfer, authorised by a Customer in accordance with regulation 67 of the PSRs, where:*

*(i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person;*

*or*

*(ii) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.*

*DS2(2) This Code does not apply to:*

*(b) private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier;*

In order for the consumer to have been the victim of APP scam the consumer must have been deceived about the very purpose for which their payment has been procured.

F has provided no evidence to substantiate the claim that Mr H has been the victim of an APP scam other than S going into administration. This could mean any number of things including S simply failing or Mr H simply got a bad bargain.

The updated liquidators report from May 2025 doesn't add any significant detail, that would lead me to conclude, there is evidence that S was operating as a scam at the time it contracted with Mr H and when he paid S.

Whilst F argues that there are other reasons here that Mr H should be considered for a refund, I'm afraid I disagree.

A bank's primary obligation, when it receives a payment instruction from its customer is to carry out that instruction without delay. Even if the bank had taken the step of discussing the payments with Mr H, prior to carrying out his instructions, I find the bank would most likely have had no reasonable grounds on which to prevent Mr H from proceeding to make the payments. I simply don't think either Mr H or the bank would have likely uncovered sufficient cause for concern about S at that point, given its presence online, on Companies House, the documentation he'd received and the interaction between Mr H and S.

And a bank can't advise its customers on the risk of an investment. It could only warn Mr H about potential scams and advise him on ways Mr H could protect himself from being scammed. If Mr H was deciding to invest and wanted advice on the risk of the investment he might have considered seeking professional advice. This is not something the bank can be held liable for.

That leads me to find, that the bank could not reasonably be held liable through any failure to prevent or somehow stop Mr H from making these payments. Having considered this, I find that outside the provisions of the CRM Code and the APP scam reimbursement rules I could not fairly hold the bank liable to reimburse Mr H.

Our role here is to look at complaints impartially to decide what is fair in reasonable in all the circumstances of the complaint. Overall, there is not persuasive evidence that S set out to scam, Mr H. And so I'm satisfied that Lloyds was correct in its application of the CRM code here and doesn't need to refund Mr H's losses.

If new material evidence comes to light at a later date, then Mr H can of course raise a new complaint with their bank at the time. But as it stands there is not convincing evidence that the issues Mr H has faced with S are the result of APP scam.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 24 October 2025.

Sophia Smith  
**Ombudsman**