

## **The complaint**

Mr D complains that Lloyds Bank PLC hasn't reimbursed the money he says he's lost to a scam.

## **What happened**

The background to this complaint is well known to both parties, so I won't repeat it in detail here. In summary, Mr D made several payments to an account held with Lloyds. These payments were towards art investments. Mr D understood that the art investment company, which I'll refer to as 'Company A', would buy and store artwork on his behalf before selling the art for a profit at a later date.

In 2023, Company A went into liquidation. Mr D subsequently raised a fraud claim with Lloyds. Lloyds declined to reimburse Mr D, so he referred a case against Lloyds to this Service.

An investigator looked into Mr D's case but didn't uphold it. Mr D disagreed with the investigator's findings and, as the case couldn't be resolved by the investigator, it has now been passed to me for a 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.

Mr D has provided detailed submissions to our Service in this matter. In keeping with our role as an informal dispute resolution service, I will focus on the points I find to be material to the outcome of Mr D's case. This is not meant to be a discourtesy to Mr D, and I want to assure him that I have considered everything he has submitted carefully.

In deciding what's fair and reasonable in all the circumstances of a case, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

It's important to note that Lloyds has submitted information to our Service which I can't share due to data protection issues as it relates to a third party. However, I have taken it into account in reaching an answer on this case.

I appreciate that Mr D has provided detailed submissions to our Service in relation to whether Company A was operating fraudulently and has scammed him. But, for the reasons I'll go on to explain, I don't believe this impacts the outcome of this case.

In instances in which consumers have been the victim of a scam, there is no automatic right to reimbursement by the receiving bank. In order to receive reimbursement from the receiving bank, there would need to be evidence that the receiving bank's failings has led to the loss of the consumer.

Lloyds was a signatory of the Lending Standards Board's Contingent Reimbursement Model ('CRM Code') and it was in force at the relevant time. The CRM Code requires firms to reimburse customers who have been the victims of Authorised Push Payment ('APP') scams in all but a limited number of circumstances. Further to this, banks and building societies have longstanding obligations to ensure accounts aren't opened, or being used, fraudulently.

The CRM Code states that: *"Receiving Firms should take reasonable steps to prevent accounts from being used to launder the proceeds of APP scams. This should include procedures to prevent, detect and respond to the receipt of funds from APP scams. Where the Receiving Firm identifies funds where there are concerns that they may be the proceeds of an APP scam, it should freeze the funds and respond in a timely manner."*

So, I've thought about these obligations when considering Mr D's case.

#### Account opening process

This Service can only consider complaints about any acts or omissions against receiving banks in relation to account opening procedures from 31 January 2019, as this is the date this came into our Service's jurisdiction. I've seen evidence which shows that the account complained about was opened before 31 January 2019. Because of this, I can't make a finding on whether Lloyds failed in its duties when opening the account.

#### Account activity

When considering Lloyds' liability in relation to the monitoring of the account in question, I've reviewed the activity of the account and whether it was indicative of fraud taking place to determine whether Lloyds ought to have stepped in and questioned the account holder.

Whilst I can't share the details of what I've seen, I'm not satisfied that there was any activity on the account which ought to have caused Lloyds concern to the point I would've expected it to intervene and question the account holder. Much of the account activity is in line with what I would expect of a genuine business and therefore does not give rise to any suspicion that there is fraudulent activity occurring on the account.

Even if Lloyds had discussed the account activity with Company A, I think it's more likely than not that it would have supplied relevant and plausible information as to why it had received funds, and why it was entitled to them. I'm satisfied that Company A would've been able to provide evidence that it was purchasing and storing artwork in line with its business model.

Taking the above into account, I'm satisfied that Lloyds did not err in this respect. I'm also satisfied that it didn't miss an opportunity to prevent Mr D's loss.

#### Did Lloyds act in a timely manner once made aware of Mr D's scam claim?

When Lloyds is notified that an account has received a credit resulting from an APP scam, I'd expect it to take appropriate action in a timely manner. This includes blocking or restricting the account while it investigates and, where appropriate, returning any funds that remain.

But, in this case, Company A had entered liquidation by the time Mr D raised his fraud claim, and subsequent complaint. This means that Lloyds was unable to recover and return any of Mr D's funds.

#### Conclusions

Considering everything, I'm not persuaded that Lloyds has failed to meet the standards required of firms when opening and operating an account. I'm also satisfied that there was nothing Lloyds could've done to recover Mr D's funds at the time he raised his fraud claim.

Because of this, I can't say that any of Lloyds' actions, or inactions, led to Mr D's loss, or that Lloyds should compensate him on that basis.

### **My final decision**

For the reasons I've explained, my final decision is that I do not 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 7 October 2025.

Kyley Hanson  
**Ombudsman**