

## **The complaint**

Mr H is complaining that Lloyds Bank PLC didn't do enough to prevent him from sending money to a scam.

The complaint is brought on his behalf by a professional representative.

## **What happened**

On 27 March 2019 Mr H sent a payment of £13,500 from his Lloyds account to what he thought was a legitimate investment through a property development company. The investment promised a 12% fixed-rate annual return.

In late 2021 the company that Mr H had invested in was placed into administration, and Mr H was unable to withdraw his funds. In early 2024 he complained to Lloyds that he'd fallen victim to a scam, and said Lloyds ought to have warned him before he made the investment.

Lloyds didn't uphold Mr H's complaint. It considered that Mr H had sent the funds to what turned out to be a failed investment, rather than a scam.

Mr H's representative brought his complaint to our service, where it was looked into by our Investigator. Our Investigator thought that Mr H had paid a legitimate company, and that if Lloyds had intervened it wouldn't have made a difference to Mr H's decision to invest.

Mr H didn't agree, so his complaint has now been passed to me for review and 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.

Having done so, I'm not upholding Mr H's complaint. I'll explain why.

Mr H's representative has mentioned the Lending Standards Board's Contingent Reimbursement Model (CRM) code, which is a voluntary code designed to protect customers from Authorised Push Payment (APP) scams. But this code didn't come into force until after Mr H's payment was made, and it isn't retrospective. So, I can't consider his complaint with this in mind.

Mr H's representative has provided a lot of information about why it believes the company he invested in behaved fraudulently, much of which appears to have come to light some time after he made the payment in question. But I don't need to make a finding on whether the company behaved fraudulently or not, because I don't think it makes a difference to the fair outcome of this complaint. I must make my decision based on the information about the company that was available to both parties at the time Mr H made the investment – in order to decide what, if any, action Lloyds should have taken at the time, and whether any action it did take would have made a difference to what happened.

It's not in dispute that Mr H authorised the payment. And Lloyds has a duty to act on his instructions. But in some circumstances a bank should take a closer look at the circumstances of the payment – for example, if it ought to be alert to a fraud risk, because the transaction is unusual for the customer, or otherwise looks characteristic of fraud. And if so, the bank should intervene, usually by contacting the customer directly, before releasing the payment.

Mr H's representative has explained why it thinks Lloyds should have intervened when he made the payment. It says the value of the payment would have been out of line with Mr H's usual account activity – and therefore should have been flagged on Lloyds' systems. Lloyds has told us that it can't say if any intervention took place, as it no longer has the relevant records.

I've not been provided with statements of Mr H's account with Lloyds for the time of the payment, so I don't know if the disputed payment was out of character compared with the usual account activity, such that Lloyds ought to have intervened. But the payment was of a relatively high-value and was also to a company Mr H hadn't made payments to before. So – and because it doesn't affect the overall outcome of this complaint - I'm going to proceed on the basis that the payment would have appeared unusual to Lloyds, and that as such it ought to have identified a scam risk and intervened in line with the obligations I've outlined above.

But even if Lloyds had intervened here, for example by contacting Mr H directly to ask some questions about the investment as his representative has suggested, I don't think this would have made a difference to his decision to proceed with it. Lloyds could have given Mr H general fraud and scam advice in relation to investing in particular. But I don't think I can fairly say that in these circumstances, it would have been able to give Mr H any information that would have led him to do anything differently.

I say this because Mr H had clearly been led to believe this was a genuine investment opportunity and a safe place for his money. The documents he'd been supplied with about the company and the investment were professional and convincing, and the company was registered on Companies House and had been operating for some years prior to Mr H's investment.

I've not seen anything to show Mr H would have had any reason to doubt the legitimacy of the investment at that time. Even if Lloyds had questioned Mr H in more detail about it, I don't think the circumstances at the time would have given it any cause for concern that he was at risk of harm from fraud or a scam. And if Mr H had been prompted by an intervention to do some further research, I'm not persuaded he would have found anything that would have caused him to be concerned he was falling victim to a scam.

So, I think if Lloyds had intervened, Mr H would have told it to proceed with the payment. And I don't think Lloyds would have had any grounds to do otherwise.

Once Mr H told Lloyds he suspected he had been the victim of fraud, I would have generally expected it to attempt to recover his money immediately. But Lloyds wasn't made aware that Mr H suspected he was the victim of fraud until around five years after he had made the payment, and after the company had been placed into administration. So there was no reasonable prospect that recovery would have been successful.

Mr H's representative has told us that he was vulnerable, because he had no prior experience of this type of investment, and because of the impact losing his money has had

on him. I'm sorry to learn this, but I don't consider that this means Lloyds ought to have taken a different course of action here.

I'm very sorry to disappoint Mr H. However, for the reasons I've explained, I don't think Lloyds should have done more to prevent his loss. So, it wouldn't be reasonable for me to ask it to refund the payment he made.

### **My final decision**

My final decision is that I'm not upholding Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 5 June 2025.

Helen Sutcliffe  
**Ombudsman**