

The complaint

A company, which I'll refer to as E, complains that Lloyds Bank PLC ('Lloyds') won't reimburse the funds it lost.

Mr A, who is a director of E, brings the complaint on E's behalf. He says E is the victim of a scam.

What happened

Mr A says that he received a cold call about investing with a company I'll call C in this decision. He went to C's offices to discuss the investment opportunity and was told he would receive a compounded rate of interest of 4.5%. After completing his own research Mr A decided to invest. He made two payments of £5,000 on 5 May 2022 and a payment of £10,000 on 31 May 2022, meaning that he invested £20,000.

In July 2024 Mr A received an email from C which said the director of C had handed himself into the police "for deceit and falsifying records". Mr A believes that E is the victim of a scam. He contacted Lloyds to report what had happened in October 2024.

Lloyds investigated E's claim and noted two credits of £10,000 from C. The credits are shown in E's statement on 4 November 2022 and 23 August 2023. It called Mr A to discuss the credits. He explained that they were unrelated to the investment and related to the sale by E of 16 beds and mattresses to C. Mr A provided Lloyds with two invoices, each of which included eight beds and mattresses. Lloyds issued a final response in which it said that Mr A, on behalf of E, has a civil dispute with C.

Mr A, on behalf of E, was unhappy with Lloyds' response and brought a complaint to this service.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. He said that he wasn't persuaded that E had suffered a loss so couldn't consider whether it was the victim of a scam.

Mr A, on behalf of E, didn't agree with the investigator's findings and asked for a final decision. He maintained that the credits to E's account related to the sale of beds and mattresses. Mr A provided further evidence, which I have referred to below.

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.

In deciding what's fair and reasonable in all the circumstances of a complaint, 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 be good industry practice at the time.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – in other words on what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

In broad terms, the starting position in law is that Lloyds is expected to process payments that a customer authorises it to make, in accordance with the terms and conditions of the customer's account and the Payment Services Regulations (PSR's). But there are circumstances when it might be fair and reasonable for a firm to reimburse a customer even when they have authorised a payment.

The first thing I need to decide is whether E has suffered a loss. I can see from E's statements that £20,000 went from E's account to C's account and E received two credits of £10,000 on 4 November 2022 and 23 August 2023. So my starting position is that E hasn't suffered a loss.

Mr A says that instead of processing withdrawals, C proposed that on two occasions E provide goods to the value of £10,000, so E is still at a loss. In response to the investigator's view, Mr A provided:

- Two invoices dated 3 November 2022 and 21 August 2022, each of which relate to eight beds and mattresses at a cost of £8,500. Once VAT is added, and following a £200 discount, each invoice is for £10,000. These invoices were previously provided to Lloyds.
- An email from C dated 1 November 2022, which says that instead of Mr A withdrawing funds the director of C would be happy to buy furniture from him.
- An email from someone he says is an ex-employee of C which says that C bought furniture from him.
- Evidence that E paid a mattress provider in April and June 2022 and in April, May and June 2023, another company £9,360 in November 2022, and made international payments in October, November and December 2022.

I'm sorry to disappoint Mr A, who is acting on behalf of his business, but I'm not persuaded he has demonstrated that it's more likely than not that E suffered a loss after investing £20,000 with C. He has received the amount E invested with C back into E's account. And, although Mr A hasn't mentioned it to Lloyds or to this service, I've also seen evidence which shows that Mr A received £4,000 from C into his personal account in May 2023.

I don't find the evidence Mr A has provided of an alternative and separate deal involving the sale of beds and mattresses goes far enough to persuade me it's more likely than not E suffered a loss. The invoices Mr A has provided aren't on business headed paper and there is no evidence they were sent to C. Although the invoices are eight months apart, they are numbered 15 and 19. I also have no evidence that the beds and mattresses were provided to C. Mr A has provided an email from someone he says worked for C. It's not clear if the author worked for C at the relevant time and, as the information is in an email, there is no signature. The email doesn't confirm that goods were collected from E. We are also an informal resolution service which can't accept evidence on oath in the same way as a court. And there is nothing to link payments made to third parties to the sales Mr A says were made to C, and the dates don't appear to correlate.

I appreciate that Mr A has recently provided an email from C which was sent in November 2022. This email says that instead of withdrawing funds E would be happy to buy furniture from him, which would benefit both companies. But there is no mention of figures, and no evidence has been provided in respect of the second credit of £10,000 in August 2023.

I'm also struggling to understand why an investment company would buy goods from Mr A's business. Mr A says the director of C had another company which let properties. It appears to me more likely than not that Mr A had a business or other relationship with C's director for such an arrangement to be suggested in the first place.

As I'm not satisfied E has suffered a loss I don't need to decide if it is the victim of a scam.

Overall, I'm not satisfied I can fairly conclude E has suffered a loss following its investment with C.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask E to accept or reject my decision before 28 October 2025.

Jay Hadfield
Ombudsman