

The complaint

Miss M complains that Lloyds Bank PLC (Lloyds) declined to refund a fraudulent transaction on her account.

What happened

On 18 September 2023, Miss M used an online travel agency website she believed to be legitimate – which I'll refer to as U - to book flights for her family with the intention to go on holiday from 24 December 2024 to 12 January 2025. The flights cost £1,339.05, and payment was made via international transfer.

Despite receiving email confirmation of the booking at the time, Miss M says that on checking in at the airport on 24 December 2024 she realised the flight tickets were invalid and had been cancelled.

Miss M says she tried to follow this up with U directly, but her attempts were unsuccessful. So, she subsequently raised concerns with Lloyds on 16 January 2025 and said that she had been scammed.

Lloyds proceeded to investigate the matter and said that the payment had been made by Miss M from her bank account and it had attempted to contact the receiving bank to get the money back. It said it was unable to refund the payment as it had been made as an international payment.

As Miss M remained unhappy and wanted Lloyds to reimburse her for her loss, she referred her complaint to this service for review.

After considering the evidence, our investigator didn't uphold Miss M's complaint. He said he could not see any error on Lloyds' part in processing the payment or in the attempts Lloyds made to recover the lost funds.

Miss M disagreed, so the matter has been passed to me to decide.

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 this complaint for broadly the same reasons as our investigator. I appreciate this will come as a disappointment to Miss M, but having reviewed the matter, I am unable to reasonably say that Lloyds should take responsibility for refunding Miss M for the money she has lost here. I will explain why.

Firstly, I am sorry to hear about what happened to Miss M. Discovering that she had been deceived and scammed out of her money must have been very distressing for her, and I don't underestimate the impact this matter has had on her. I fully appreciate why she wants to recover the money she lost but the starting position at law is that a bank is expected to

process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account. And I can only direct Lloyds to refund Miss M's losses if it can fairly and reasonably be held responsible for it.

The relevant regulations that apply here are the Payment Services Regulations 2017 (PSRs). In general terms, here this means Lloyds is liable if Miss M didn't authorise the payment, and Miss M is liable if she did authorise it.

Here, from what I have seen, it's not in dispute that Miss M authorised the payment from her Lloyds account and that she agreed to purchasing the tickets from U. And while I accept Miss M - despite completing her checks and due diligence, was still subject to a scam - under the Payment Services Regulations 2017 and the terms and conditions of her account, Miss M would be presumed liable for the loss in the first instance.

Miss M maintains she thought that it was a genuine travel agent that she was dealing with and acted in good faith when making the payment. She says she came across U on social media and it had excellent reviews on its website and so everything seemed legitimate. Miss M says it was her intention to book flights for her and her family, and she was under the impression that U had assisted her with this, until she arrived at the airport and realised this was not the case, and that she had been scammed. She says U failed to offer the service she had paid for and that Lloyds failed to protect her from being scammed.

So, taking into account the law, regulators' rules and guidance, relevant codes of practice and good industry practice, I've considered whether Lloyds' ought to have realised that Miss M was at risk of being defrauded, and whether it should have intervened before allowing the payment to go through.

I think it's important to point out there is a balance to be struck between banks identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. And it's reasonable to suggest that a bank would only need to intervene and ask more questions about the payment if an instruction was sufficiently unusual or uncharacteristic for the account.

I note that the £1,339.05 payment that was authorised to be taken from Miss M's bank account, was an international payment, but based on what I've seen as previous activity on the account, I'm not persuaded that the payment would have appeared unusual or particularly uncharacteristic for Miss M, such that it required further intervention from Lloyds. And the payment itself wasn't of an amount that Lloyd's ought to have found suspicious when considering the payments it processes on a daily basis. So, I'm satisfied Lloyds processed the payment as it should have.

I've also gone on to consider whether Lloyds met the standards I'd reasonably expect of it in terms of attempting to recover the money lost from the beneficiary bank when it found out about the scam, and whether it could have done anymore to recover any of the money that Miss M sent to U.

I note Lloyds says it did contact the receiving bank to recall any funds that may still be present. But given that the payment was made by Miss M on 18 September 2023 and Lloyds only became aware of the matter after Miss M reported it on 16 January 2025; I think given the amount of time that had already elapsed, it was most unlikely that Lloyds would have been able to recover this payment. And I think that Lloyds did as much as it could reasonably be expected to do to try and recover the money for Miss M once it knew what had happened.

In these circumstances any recovery attempt is made on a best endeavours basis and relies on both the money still being present in the beneficiary account, and the willingness of the receiving bank to give it back. Here it's not clear whether the beneficiary bank responded to Lloyds requests. But even so, I think it's most likely that following receipt of the payment, the money would have been moved again quickly – most likely as soon as it had been received. And our experience shows that once money has been transferred outside of the United Kingdom it is unlikely that it will be recovered, especially where a scam has been identified.

Lloyds mentions it is signed up to the Contingent Reimbursement Model (CRM Code) but as the CRM Code does not apply to international payments, Lloyds is not obligated to refund Miss M.

I note Miss M has provided further submissions relating to why she thinks the CRM code should apply in this case, and I have given this careful consideration. The CRM code can offer a potential means of obtaining a refund following Authorised Push Payment (APP) scams. But I'm satisfied that as this was an international payment, it does not fall under the provisions of the CRM Code. This is because it only covers payments between UK based, pound sterling accounts so it would not apply in this case.

Finally, Miss M mentions that she is frustrated that Lloyds did not raise a chargeback claim due to the 120-day deadline having been passed by the time she raised her concerns with Lloyds. But here I can't conclude that Lloyds should have done anything more to prevent the loss that Miss M suffered. This is because the relevant card scheme rules which apply to chargebacks apply to card payments. But as this wasn't a card payment, chargeback isn't a relevant consideration here.

In summary, I sympathise with Miss M and for the avoidance of any doubt, I don't dispute that Miss M has been scammed here. But it is ultimately the scammers that are responsible for Miss M's loss not Lloyds.

And having considered everything that happened, As I can find no reason why Lloyds' ought to have intervened before processing Miss M's payment instruction, I can't reasonably conclude that it should have prevented her loss. Nor can I see there are any other grounds on which I could say that Lloyds should, fairly and reasonably, bear responsibility for it.

So, it follows that, I can't fairly and reasonably hold Lloyds liable here and I will not be asking it to do anymore.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 15 December 2025.

Sukhdeep Judge
Ombudsman