

The complaint

Mr G complains that Lloyds Bank PLC (Lloyds) is refusing to refund him the amount he says he lost as the result of a scam.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr G says he was recommended an investment opportunity by a friend in a company I will call "X". Mr G was advised that X would invest people's money and that investors were, at the time seeing good returns.

Mr G was added to a group chat via a well-known messaging application with other investors that appeared to be making reasonable returns. Mr G then decided to start investing himself.

X updated its investors at the end of each month and invited further investment. Happy with the returns Mr G appeared to be making Mr G continued to make further payments in relation to the investment.

When Mr G attempted to withdraw funds from the investment the total amount requested was not sent to him. Some payments were received but they did not total the full amount Mr G had asked for.

When Mr G queried the payments, X explained that the funds were tied up and that it would take a while for his funds to be withdrawn

X then sent a message via the messaging application explaining it had lost all its investor's funds. X explained it would pay everyone back as and when it was able to, but further payments were not received.

Mr G has disputed the following payments:

Payment	Date	Payee	Payment Method	Amount
1	9 April 2018	X	Transfer	£5,000.00
2	8 May 2018	X	Transfer	£4,386.00
3	4 June 2018	X	Transfer	£9,149.00
4	9 July 2018	X	Transfer	£16,834.00
5	5 August 2018	X	Transfer	£8,100.00
6	6 August 2018	X	Transfer	£8,100.00
	12 September 2018	X	Credit	£2,605.00cr
	11 October 2018	X	Credit	£4,730.00cr
	7 November 2018	X	Credit	£2,635.00cr

Our Investigator considered Mr G's complaint and didn't think it should be upheld. Mr G disagreed, so this complaint 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.

Not every complaint referred to us and categorised as an investment scam is in fact a scam. Some cases simply involve high-risk investments that resulted in disappointing returns or losses.

Certain high-risk investment traders may have promoted these products using sales methods that were arguably unethical and/or misleading. However, whilst customers who lost out may understandably regard such acts or omissions as fraudulent, they do not necessarily meet the high legal threshold or burden of proof for fraud, i.e. dishonestly making a false representation and/or failing to disclose information with the intention of making a gain for himself, or of causing loss to another or exposing another to the risk of loss (Fraud Act 2006).

In simpler terms, some merchants may have used sales and promotional methods that could be seen to be unfair by consumers considering the losses they've incurred – but this does not always amount to fraud.

Banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

If a scam has occurred the question that would need to be asked is, should Lloyds have been aware of the scam and intervened when payments were being made. And if it had intervened, would it have been able to prevent the scam taking place.

From the information provided by Mr G and Lloyds, and that publicly available I don't have enough to say that X was operating a scam. Therefore, Lloyds was not required to intervene, or stop the payments Mr G was making, and it is not responsible for Mr G's loss.

Even if I was to say that X was operating a scam, I don't think it would have been unreasonable for Lloyds not to have intervened. I will explain why.

The payments Mr G made in relation to the scam were for similar values to that he had made before to other payees, there also wasn't sufficient information available at the time for Lloyds to have concerns that X may have been operating a scam. In addition to this Mr G made payments to X over several months, so after Mr G made the first few payments without complaint, X would have been seen as a trusted payee with less risk associated with payments sent to it. So, I don't think Lloyds would reasonably have had concerns about the payments Mr G made.

As I don't think it would have been unreasonable that Lloyds didn't intervene when the payments were made, even if there was sufficient evidence to say X was operating a scam, I wouldn't be able to say that Lloyds should have intervened when Mr G made the disputed payments, or that it would be responsible for Mr G's loss.

I understand that Mr G still feels that he has fallen victim to a scam and has found that other banks have accepted this and issued their customer's a refund. But for the reasons I have explained above this information doesn't change my decision.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 17 October 2025.

Terry Woodham
Ombudsman