

The complaint

Mr P complains that Lloyds Bank PLC hasn't reimbursed him after he fell victim to an investment scam.

What happened

In 2018, Mr P invested several times with a company I'll call 'G'. He received returns on his initial investment from April 2018, but didn't receive returns from a subsequent investment in December 2018. He complained to Lloyds he'd been the victim of a scam in 2023.

Lloyds didn't uphold Mr P's complaint as it didn't agree G was a scam investment. Mr P came to our Service and while we accept this was a scam, our Investigator set out why this didn't mean Mr P was due a refund from Lloyds.

Mr P disagreed and asked for an Ombudsman to reconsider his case. He explained that other people who also invested in G were receiving refunds, so it was unfair that he hadn't.

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.

Taking into account the law, regulations, guidance, and good industry practice, Lloyds should've been on the look-out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (amongst other things). And, in some circumstances, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment.

Mr P first invested with G in April 2018. He isn't complaining about these payments as he did receive the returns expected on these. Mr P then made two further payments in December 2018 of £15,000 towards the same investment, but these funds were lost.

It's arguable here that Lloyds didn't need to intervene or ask Mr P any questions about these transactions. He'd made two larger ones to the same destination not that long before, so they weren't entirely out of character for his account. Mr P has referenced current standards and said how this highlights how things were insufficient before. But it wouldn't be appropriate to apply today's standards, which are based on different knowledge and regulations, retrospectively. And, even if I consider Lloyds should've spoken to Mr P at the time, I don't consider that any proportionate conversations would've changed his decision to invest.

I'm not persuaded the kind of information I'd expect Lloyds to have discussed with Mr P would've prevented the payments from being made. There wasn't anything in the public domain at the time to suggest Lloyds should've been concerned that Mr P might be falling victim to a scam. Many of the points Mr P has now highlighted about G didn't come to light until later and Lloyds wouldn't have been aware what would happen with regards to his losses.

Mr P received persuasive paperwork from G and at the time of making these payments, he'd already invested and didn't have any concerns with how this investment was doing. So it seems highly unlikely that a conversation with Lloyds would've prevented Mr P going ahead with the investment. And I haven't seen information that indicates Lloyds ought to have stopped or refused to action the payments to G at the time Mr P was making them.

I've then considered whether Mr P is due a refund in line with the principles of the Contingent Reimbursement Model (CRM) code for his payments, as he has referenced this a number of times. I understand Mr P accepts that his payments were made before this Code came into force, but he feels that as Lloyds is reimbursing other customers who fell victim to the same scam, he should be treated equally.

I do accept why Mr P feels the way he does. But the CRM code is not retrospective and so our Service can't direct Lloyds to apply the principles of it to Mr P's payments – and we can't ask it to contact the receiving bank about sharing liability under the Code either. Lloyds isn't willing to reimburse Mr P as a goodwill gesture and there aren't grounds for our Service to direct it to do so, as the protections that this Code gave weren't in force in 2018.

Lloyds did also take steps to try and recover Mr P's funds from the receiving bank once the matter was reported, but it wasn't able to do so. And I accept that it can't get the receiving bank to return funds to him that are no longer there.

While I appreciate Mr P has lost out due to a cruel scam, I can't say that an error by Lloyds is what caused this loss. And the reimbursement model that other people are being refunded under doesn't apply to his payments, so I can't fairly direct Lloyds to reimburse him now.

My final decision

For the reasons set out above, I don't uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 21 August 2025.

Amy Osborne
Ombudsman