

The complaint

Miss K complains about Lloyds Bank PLC.

She would like it to refund her the money she lost when she was scammed while trying to purchase a car.

What happened

Miss K saw that one of her acquaintances was advertising a car for sale on social media for around £52,000. Miss K says that this car was her father's dream car, and was in his favourite colour. So she decided to use some of her savings and a loan to purchase it as a gift for him.

She made contact with the acquaintance and travelled with her sister to view the car. She was able to look at the car but was told there was no time for a test drive.

A price was agreed, and Miss K was told that she would need to pay a £1,500 deposit, and then a further payment of £44,000, after which he would drive the car to her, or could meet halfway.

Miss K paid the money, but the acquaintance stopped responding to her messages and wouldn't confirm delivery. He later became aggressive and extorted further money from her, however these payments are not being considered as part of this complaint.

Miss K made a complaint to Lloyds about what had happened, but it wasn't upheld, so she brought her complaint to this Service.

Our Investigator looked into things and thought that the complaint should be upheld in part and that Lloyds should refund Miss K 50% of the £44,000 payment.

Miss K accepted this, but Lloyds didn't, so the complaint has been passed to me to make 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 have decided to uphold this complaint in part, for broadly the same reasons as our Investigator. I'll explain why.

Miss K authorised the payments she made. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that she's liable for the transactions. But Miss K says that she has been the victim of an authorised push payment (APP) scam.

Lloyds has signed up to the provisions of the Lending Standards Board Contingent Reimbursement Model (the CRM code) which requires firms to reimburse customers who

have been the victims of Authorised Push Payment (APP) scams like the one Miss K fell victim to, in all but a limited number of circumstances.

A customer who has fallen victim to a scam should, under the CRM Code, be refunded in full in most circumstances. But the Code does set out exceptions to reimbursement which a business can choose to rely on, if it can evidence that they apply.

Generally, there are two exceptions to reimbursement under the CRM Code (there are other exceptions, but these do not apply here)

- Miss K ignored an 'Effective Warning'
- Miss K made the payments without a reasonable basis for belief that they were for genuine goods/services; and/or the supposed investment was legitimate.

I will start by saying that I don't believe that Miss K had a reasonable basis for belief that the seller of the car was genuine. I won't labour the point here, as Miss K has already accepted our Investigators view of her complaint – but in brief, Miss K did not do enough research into what she was doing and did not take reasonable steps to verify what she was told, taking things at face value. Given the value of the purchase she was making, I think that it would have been reasonable to take much more care than she did before parting with her money.

I don't think that the initial payment Miss K made of £1,500 warranted Lloyds getting in touch with her to check that the payment posed any risk of financial harm to Miss K – it wasn't for a large value, or otherwise suspicious and businesses can't be expected to intervene in every payment a customer makes.

However, when Miss K made the second payment, I find that Lloyds was required to provide Miss K with an effective warning – and I don't think that it did.

Miss K made the payment in branch, where she was well known to staff – and while this may have given Lloyds reassurance over the payment, this doesn't discharge its duty to provide Miss K with an effective warning under the CRM Code.

Lloyds says that on the same day Miss K made a payment, she took out a loan for £20,000, for which the reason was 'Buying a car'. The payment went to the same payee as the first payment, and branch staff completed a 'High Value Checklist' with Miss K at the time the payment was made. Lloyds says that Miss K showed no sign of being at risk, and explained she was purchasing a car from her friend for her father. Lloyds said that there was no reason to refuse the payment and also gave Miss K a leaflet about purchase scams.

I've been provided with a copy of the type of checklist that would have been used which sets out a number of impersonation and interception scams – but didn't directly address purchase scams, and I don't think that providing a customer with a leaflet about this type of scam, when the opportunity to discuss this was available while Miss K was in branch.

Lloyds says that the purchase of the car was discussed with branch staff, and that Miss K showed pictures of the car. But it hasn't been able to evidence that it provided her with an effective warning about these types of scams – or that it asked the appropriate questions to attempt to uncover this type of scam either.

Lloyds has responded extensively to our Investigators view on the matter, but its main points focus on Miss K's basis for belief, and the other payments Miss K made which aren't being considered as part of this complaint. I agree that Miss K didn't have a reasonable basis for believing the scam, but this doesn't mean that Lloyds didn't need to provide Miss K with an

effective warning under the CRM Code.

Putting things right

Lloyds Bank PLC should refund Miss K 50% of the second payment of £44,000. On top of this it should also pay her 8% simple interest from the date it originally declined her claim (less any lawfully deductible tax).

My final decision

I uphold this complaint in part. Lloyds Bank PLC should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 7 November 2025.

Claire Pugh
Ombudsman