

## **The complaint**

Mr A complains that Lloyds Bank PLC ('Lloyds') declined to refund him £3,500 which he lost as a result of a scam.

## **What happened**

The details of this complaint are well known to both parties, so I will not go into every detail of what happened here. But in summary, in September 2024, Mr A sought assistance in bringing his cousin to live and work in the UK. He was referred to someone who I will call 'Mr H' who said he was a lawyer and an advisor to a healthcare company. He said he could help obtain a certificate of sponsorship, along with work in the healthcare sector. He was told it would cost £7,500, and as Mr A's cousin did not have the funds to cover it, he made one payment of £2,500 in September and another of £1,000 in October. He was given a letter offering his cousin employment, and a document purporting to be travel insurance, and understood he would get the certificate and biometric card on completion of payments. Mr H then told him that the company who was going to sponsor his cousin was a scam and he could not get his money back, so Mr A realised he had fallen victim to a scam and reported the matter to Lloyds.

Lloyds reviewed Mr A's complaint, but declined to uphold it. It said that it had reviewed his claim under the Contingent Reimbursement Model ('CRM') code, which Lloyds was signatory to. It said that in line with the code, it had assessed whether Mr A had done all he could to protect himself – and did not think he had met the standard required. Lloyds also said it was not required to intervene with the payments as they were not sufficiently unusual or out of character for his account to have flagged as a risk of financial harm.

Mr A remained dissatisfied, and so he escalated his concerns to our service where one of our investigators looked into what had happened. They did not recommend that Mr A's complaint should be upheld. In short, they also did not think that Mr A had met the standard of care required by the CRM code, and they also did not think that the payments required any intervention. So, they did not recommend Lloyds refund any of his losses.

Mr A did not agree. He reiterated that he had acted in good faith and believed he was engaging with a legitimate service provider providing immigration support. He was misled by a persuasive individual who met him in real life and produced documentation to make it more believable. As no agreement could be reached, the case 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.

In broad terms, the starting position in law is that a bank is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Service Regulations and the terms and conditions of the customer's account. However, where the consumer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the consumer even though they

authorised the payment.

When thinking about what is fair and reasonable in this case, I have considered whether Lloyds should reimburse some or all of the money Mr A lost in line with the provisions of the CRM Code it has agreed to adhere to and whether it ought to have done more to protect Mr A from the possibility of financial harm from fraud.

### The CRM Code

Lloyds was a signatory of the Lending Standards Board Contingent Reimbursement Model ('CRM') Code at the time of the transactions which required firms to reimburse customers who have been the victims of APP scams like this in all but a limited number of circumstances. It sets out standards that banks, such as Lloyds, are expected to meet in terms of protecting their customers from financial harm. But it also sets out expectations that a customer should meet, too. As a starting point, a customer should receive a full refund if they fall victim to an authorised push payment scam such as this one.

There appears to be no dispute that Mr A was the victim of an authorised push payment scam here. He thought he was making payments towards getting his cousin a certificate of employment, along with an offer of employment, so that he could work in the UK, but instead it went to a scammer. But, Mr A would not be entitled to a full refund if Lloyds can fairly and reasonably demonstrate, as they have asserted, that Mr A has failed to meet the requisite level of care under one of more of the listed exceptions set out in the CRM Code.

Those exceptions are:

- The customer ignored an effective warning in relation to the payment being made;
- The customer made the payment without a reasonable basis for believing that: the payee was the person the customer was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate.

*\*There are further exceptions within the CRM Code, but they do not apply in this case.*

### Did Mr A ignore an effective warning?

Lloyds have not argued that Mr A ignored an effective warning here. The CRM code only requires firms to provide an effective warning where they have identified an APP scam risk in the payment journey. Lloyds said that they did not identify a risk with either payment, as Mr A had made similarly large payments previously and there was nothing else that was sufficiently unusual or out of character about the payments to have given them cause for concern.

Having reviewed the payments and Mr A's recent account history – I agree with Lloyd's position here that there was not evidence that Mr A was at risk of falling victim to an APP scam in this case. I say this because Mr A had made numerous faster payments for £1,650 prior to the scam payments – so the amounts he sent as part of the scam would not look unusual next to these. The two payments were spaced over a couple of weeks, so the pattern did not appear suspicious either. Confirmation of payee did flag to say it was a personal account rather than a business account, but this was highlighted to Mr A which he confirmed was fine – and I would have not expected them to do anything further here. So I do not think that the payments looked unusual or out of character, and so it follows that I think Lloyds met the standard expected of them under the CRM despite the lack of provision of an effective warning.

Did Mr A have a reasonable basis for belief?

I have carefully considered whether Mr A acted reasonably when making the payments, or whether any warning signs ought to have reasonably made him aware that this wasn't a genuine immigration service he was paying for. Unfortunately, I think the evidence suggests that Mr A did not have a reasonable basis for believing that he was dealing with a legitimate business when he made the transfers. I say this because:

- I do appreciate the fact Mr A's friend introduced Mr H to him would have made him seem more trustworthy. But, by Mr A's friend's own admission, he had not actually been able to use Mr H due to a lack of funds. So, the friend was not able to make a recommendation as such – as his friend was not able to evidence use of Mr H's services to show that they were genuine.
- The only checks into Mr H that Mr A said he undertook was looking at Companies House for the company he said he advised. He asked Mr H why he could not see him on there but he said he was in the process of being added to it. So, I do not think that Mr A did sufficient checks to ensure that the person he intended to pay was able to offer the legitimate services which he purported to offer.
- Mr A was asked to pay an account which he noticed was not in Mr H's name. He did question Mr H who told him that he was having some issues with his own bank account and so asked him to pay into his friend and business partner's account. He said they were also in the process of being added to Companies House. The account was a personal account – which he was alerted to by Lloyds 'confirmation of payee' system as he had said the payment was going to a business account. None of this seems particularly in line with how one might expect a legitimate business to operate, and whilst Mr A did ask questions of Mr H, he seems to have accepted the answers at face value.
- I also appreciate that Mr H took the time to meet Mr A at a restaurant and show him documentation to demonstrate the work he had been doing. Mr A did not have a copy of this documentation, so I have been unable to review this to see how legitimate it appeared.
- I have seen some copies of other documentation Mr H provided Mr A. This included a copy of travel insurance, and a job offer. I do understand this would have added to a sense that Mr H was doing something, but it does not appear Mr A's cousin had undertaken any kind of interview before being offered the position which would seem unusual.
- Mr A had reasonably recently paid for visas, for less than the £7,500 he was quoted here. This ought to have given cause for concern which should have led him to do further research. A quick online search would make it clear that a visa via the government website would come at the cost of £3,000. The website also makes clear that applicant must make the application themselves and make the payment to the government directly. So the cost and process were not in line with information which would have been readily accessible online.

Whilst some of these factors in and of themselves may not have persuaded Mr A not to make the payments, when considered collectively and considering the specific circumstances of this case and the factors in the round I think there were sufficient unusual factors here that Mr A ought to have acted more cautiously than he did. I am satisfied, therefore, that Lloyds have demonstrated that Mr A did not have a reasonable basis for believing he was making a payment to a legitimate company, so it is not required to give him a refund under the CRM code.

Should Lloyds have done any more to protect Mr A?

I've considered Lloyd's obligations under the CRM code above. But I've also taken into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time. Based on the other relevant rules relating to authorised push payment scams, I think Lloyds should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual and out of character transactions or other signs that might indicate that its customers were at risk of fraud (amongst other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

So, I consider that as a matter of good practice, Lloyds should have been on the lookout for unusual and out of character transactions and where necessary, taken proportionate interventions. However, in this case I do not think that the payments were sufficiently unusual and out of character as to have required any intervention by Lloyds – for the same reasons I outlined above. So, I do not think Lloyds acted unfairly by allowing these payments to go through.

### Recovery

I have also considered whether Lloyds could have done more to try to recover the money once they had been told of the scam. I would expect a business to take reasonable steps to try and recover the money from the bank it was sent to. In this case, Lloyds were the receiving bank, but they were able to show that the funds left the receiving account within ten minutes of the first payment, and within a minute for the second payment. So, by the time Lloyds were contacted by Mr A about the scam, no funds remained. So, I don't think Lloyds could have done more to recover Mr A's funds here.

### **My final decision**

I do not uphold this complaint and require Lloyds Bank PLC to do nothing further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 20 November 2025.

Katherine Jones  
**Ombudsman**