

The complaint

Mr M complains that Lloyds Bank PLC hasn't reimbursed him after he reported falling victim to an investment scam.

What happened

The background to this complaint is well-known to all parties, and so I'll only provide a brief summary of events here.

Mr M was in contact with a company – I'll call it D – which put forward opportunities for investment. One such opportunity was with a property development group I'll call G.

Mr M received promotional literature about G and discussed the opportunity with D. Mr M was interested, particularly because he understood his investment would be backed and secured by tangible assets held by G. It's promotional literature and Information Memorandum (signed off by a separate FCA regulated firm) confirmed as much.

Mr M decided to invest and sent £10,000 to G in October 2019. The agreement was for a mini-bond with an 18-month term. But he received no returns on his investment. G and its subsidiaries were wound up by the Insolvency Service in 2021 following an investigation which found G had systematically misled investors into believing their investments were asset backed when that was not the case. It also transpired G had been accepting investor funds despite being insolvent.

Mr M raised a scam claim with Lloyds to report what had happened, seeking reimbursement under the Contingent Reimbursement Model (CRM) Code. Lloyds considered what had happened, but it concluded that Mr M hadn't been the victim of a scam. Instead, it believed G had been a legitimate business which had failed. And, on that basis, it said the protections of the CRM Code didn't apply, and it wouldn't reimburse Mr M's loss.

The complaint was then referred to our service by Mr G as he wasn't happy with Lloyds' response. One of our investigators considered the complaint and didn't recommend it be upheld. She felt Lloyds' position was fair and reasonable in the circumstances.

Mr M was unhappy with the investigator's opinion and asked that an ombudsman review his complaint. He felt sure there was enough evidence to show a scam had taken place, referring to – among other things – the publicly available findings of the Insolvency Service.

The complaint has been passed to me for a final 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.

I'm sorry to disappoint Mr M further. But, having reviewed the evidence and information available, I'm not upholding it and for the same reasons as explained by our investigator.

I'm going to set out my findings fairly briefly here. That isn't to be discourteous to Mr M. I can see he's presented his case in significant detail and has clearly gone to a lot of trouble to put his arguments forward. But I can also see that our investigator gave a comprehensive

response to the complaint. And so, there are areas where I can offer little alternative or further explanation as to why I'm not persuaded G was operating a scam. It wouldn't serve much purpose to simply repeat here what our investigator has already said.

This means I won't necessarily address every point raised by Mr M. That's because I've focused on what I consider to be most important to the outcome of the complaint.

The CRM Code exists to see the victims of scams reimbursed in most circumstances. But the reimbursement rules within it don't apply to all payments made by consumers. Importantly, they only apply in scenarios where an APP scam has taken place.

Even where payments are made outside of the Code, there are scenarios in which a firm might be required to reimburse a consumer. If, for example, it failed to protect a consumer from a scam it could and should have prevented. But similarly, there would have to be an identifiable APP scam.

And it's here I find the principal reason for being unable to uphold Mr M's complaint. I'm not satisfied there's sufficient evidence to show an APP scam has taken place.

In summary terms, I'd need to see persuasive evidence to show G always intended to steal Mr M's money and that there was no intention to carry on its proposed property development business, with the paying of returns to investors which would follow.

Our investigator explained much of the evidence this service has been able to obtain. This evidence included an independent evaluation of G's business (conducted prior to Mr M's investment) which confirmed its activities in large scale property development (including completed, in progress, and future acquisition projects). We've also seen the account statements for various accounts held by G which reflect a property development business being in operation.

Much of Mr M's objection to the investigator's finding is based on the comments of the Insolvency Service. In particular, comments that G clearly misled investors about investments being asset backed and the directors accepting funds whilst G was insolvent, though I make a point of note these aren't Mr M's only objections. He has pointed to other reported behaviours and activities of G and parties connected to it as further evidence of a scam being in operation.

But these points, whether taken individually or cumulatively, don't provide substantive evidence of a scam. That's not to say they don't demonstrate poor conduct on the part of G. It seems quite clear and widely accepted the business wasn't being run as it should. Some of its behaviours and activities may even reach the level of criminality or be found to be fraudulent. But that isn't the same as identifying and evidencing an intent on G's part to steal Mr M's money from the outset, to never follow through with the aims of delivering further property development projects or returning investor funds.

I believe it's important to note that, to date at least, there has been nothing from the Insolvency Service or law enforcement which has identified G, as operating a scam. And no charges appear to have been brought against any of the parties connected to G. Comment has been provided in relation to some of G's practices, and of course it has been forced to shut down. But had a scam been identified it's reasonable to expect that this detail would have started to come through from those statutory bodies involved in investigating G. There is a possibility it will do in the future, in which case it might be possible for the subject matter of this complaint to be revisited.

I can see Mr M has pointed to other companies which have offered property development mini-bonds, but which have turned out to be operating scams. Indeed, this service has made such findings on complaints involving these situations. Mr M believes G operated in exactly the same way and that this is plain to see. Whilst I can accept there are some parallels, I've considered the specifics of G and how it appears to have operated, based on the evidence

available to me which has included G's account statements, showing the flow of funds. Having done so, I'm not persuaded G was operating a scam.

Given these findings, I can't then conclude that Mr M ought to be reimbursed under the CRM Code or any other scam considerations which might otherwise be applied. Even if I were to make a finding that Lloyds ought to have intervened in the payment which was being made, and for a scam warning to have been provided, I can't go on to award the reimbursement of Mr M's losses. The reimbursement conditions of the CRM Code don't come into effect unless a scam has taken place.

My final decision

I don't uphold this complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 December 2025.

Ben Murray
Ombudsman