

The complaint

Mrs W complains that Lloyds Bank PLC won't refund the money she lost after she fell victim to a scam.

What happened

In May 2024, Mrs W came across an advertisement online about an investment opportunity. This investment appeared to be endorsed by a well-known financial journalist, and was with a company which I will call "A". Mrs W has said she checked that A was a legitimate business, and satisfied with what she had seen she left her contact details.

A went on to contact Mrs W and told her that it could offer her investments in gold and oil and that she could make a small initial investment of £250. Mrs W made this payment to A from a credit card, and when she appeared to be making good returns on this initial investment she then went on to invest more. A encouraged Mrs W to open an account with a specific bank ("M") and to then make payments to M from her Lloyds account before sending those funds on to overseas accounts. To fund these payments Mrs W used her savings, the sale of stocks, and took out a loan for £25,000 with Lloyds. The relevant payments to Mrs W's M account are detailed below:

	Date	Amount
Payment 1	05/06/2024	£10
Payment 2	18/06/2024	£5,000
Payment 3	26/06/2024	£25,000
Payment 4	15/07/2024	£25,000

Mrs W had been told the Lloyds loan would be repaid, and when this didn't happen, she asked to withdraw her profits from A. She was told she'd need to pay another £20,000 to facilitate this withdrawal, and at this stage Mrs W realised she had been the victim of a scam.

Mrs W contacted Lloyds about the scam payments, and it looked into what had happened, but it did not agree it was liable for her loss. It said the payments had not been a cause for concern as they were to an account in Mrs W's name, and that in any case Mrs W had not done enough to ensure A was legitimate before investing. Mrs W wasn't happy with Lloyds' response, so she brought a complaint to our service.

An Investigator looked into the complaint, and they felt that Lloyds should have done more to intervene at the time of Payment 3, given its size and that it was out of character for Mrs W's usual account usage. They felt that, had Lloyds done so, it would have been able to prevent £50,000 of Mrs W's loss. So, bearing in mind that M had already refunded £27,470 of Mrs W's loss, they recommended that Lloyds refund £22,530 to Mrs W, plus interest. Our Investigator also did not consider that Mrs W should share any responsibility for her loss here by the way of contributory negligence.

Lloyds disagreed with the Investigator's opinion, saying that there were red flags about the investment which should have indicated to Mrs W that what she was doing might not be

legitimate. It also reiterated that the loss was ultimately from Mrs W's account at M, not from her Lloyds account.

As no agreement could be reached, this case has now been passed to me for 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've reached the same overall outcome as the investigator, I'll explain why.

It's not disputed that Mrs W authorised the payments that are the subject of this complaint. So as per the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Mrs W is responsible for those payments. That remains the case even though Mrs W was the unfortunate victim of a scam.

Because of this, Mrs W is not automatically entitled to a refund. But the regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams.

Taking the above into consideration, I need to decide whether Lloyds acted fairly and reasonably in its dealings with Mrs W, or whether it should have done more than it did.

Looking at Mrs W's account history, I am satisfied that Payment 3, which was for £25,000, was unusual enough in the context of Mrs W's usual account usage to warrant direct intervention from Lloyds. This payment was far larger than any payment Mrs W had made in the previous year, and while it was to an account in her own name, that account was a relatively new payee. And I would expect Lloyds to have been aware of the potential risk of multi-stage scams – where funds are moved between a customer's own accounts before being passed on to scammers – by this time.

I acknowledge that this payment was funded by a loan Mrs W had taken out with Lloyds, and she had stated that loan was for home improvements. But even with this in mind, I still think that the particular circumstances of Payment 3 were potentially concerning enough that Lloyds should have stepped in to question Mrs W more directly about what she was making the payment for, to ensure that she was not at risk of financial harm.

It doesn't appear Mrs W was given a cover story by the scammer, to use in the event of genuine contact from Lloyds. And so, it seems more likely than not that she would have explained the true purpose of the payment – that it was for an investment opportunity, that she had found that investment opportunity online, and that while she had paid funds in and seen profits in the investment platform, she had not actually withdrawn any funds. And had Lloyds appropriately questioned Mrs W here I'm satisfied it would have had some concerns about what it was being told, given its knowledge of such scams. That ought to have then led to a strong warning about investment scams, such as the dangers of investing with non-regulated firms, the prevalence of scams involving faked endorsements from celebrities, and the provision of education on how to avoid them.

I'm not persuaded Mrs W would have simply ignored what she was being told. It seems more likely than not that a strong warning from Lloyds would have led to the scam being uncovered and Mrs W's further loss being prevented.

I have taken into account that Mrs W remained in control of her money after making the payments from Lloyds. It wasn't lost until she took further steps. But Lloyds should still have recognised that Mrs W was at risk of financial harm from fraud, made further enquiries about Payment 3 and ultimately prevented Mrs W's loss from that point. I think Lloyds can fairly be held responsible for Mrs W's loss in such circumstances.

I have also considered whether Mrs W should bear some responsibility for her loss by way of contributory negligence. Having thought carefully, I don't consider that Mrs W should share responsibility for the loss.

Mrs W checked that A was a legitimate business by looking at Companies House, and checked online reviews which were largely positive at the time she began to invest. Mrs W also made a small initial investment, which she believed had made her profits, before committing to make larger payments. Mrs W has also said that there was a professional looking trading platform which appeared to show details of profits and losses, and she receive professional looking invoices for her payments. When signing up to the investment she'd also had to provide ID and had received emails from various individuals, adding to the appearance of legitimacy.

I appreciate that Lloyds has identified some issues – such as its warning when she took out the loan that it should not be used for investment purposes, that there were some negative reviews about A online, and that scams involving faked celebrity endorsements are common – which it considers should have been red flags to Mrs W. But Mrs W does not appear to have been an experienced investor, and thinking about the information she had seen about W, I'm satisfied that she did not act unreasonably. I don't think it's fair to assume that she should have known that the celebrity endorsement could be a cause for concern, and while there were some negative reviews of A online, these were far outweighed by the positive ones. I do acknowledge that she took out the loan for a purpose which Lloyds said it should not be used for, but I don't think this single line warning that a loan can't be used for investments means that she should have identified that she might be being scammed by A. So, I am satisfied there was no contributory negligence on this occasion.

In all the circumstances of this complaint, I am satisfied Mrs W should fairly and reasonably be compensated for the loss she suffered from Payment 3 onwards.

Putting things right

To resolve this complaint Lloyds should:

- Refund 50% of Mrs W's loss from Payment 3 onwards - Given that M has already refunded £27,470 to Mrs W, Lloyds should refund £22,530
- Pay 8% simple interest per annum on this refund from the date of the payments to the date of settlement.

My final decision

I uphold this complaint. Lloyds Bank PLC should now put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 19 February 2026.

Sophie Mitchell

Ombudsman