

The complaint

Mr H complains that Lloyds Bank PLC has not refunded his loss after he was the victim of a scam.

What happened

In 2006 Mr H signed up for a service that offered discounts on flights and accommodation in the Canary Islands, he paid £30,000 for this service, but it turned out to be a scam.

In 2009 Mr H was contacted by someone who claimed they could recover his loss from the holiday scheme; he was told he'd be added to a list of those due for compensation and would be contacted with an update in due course. A few years later someone else contacted Mr H, they said the previous person he had been dealing with had passed away, and they were taking over. They said the Spanish government was taking steps to ensure people who had been defrauded would get their money back, but Mr H was told he'd need to pay various fees and other costs to facilitate this refund. Unfortunately, and unknown to Mr H, this was also a scam.

Over several years Mr H made payments which he says amounted to over £1,000,000 to the scam, from accounts he held at three UK banks (Bank N, Bank B and Lloyds), to Spanish bank accounts associated with the scam. From his Lloyds account he made payments of over £130,000 between October 2019 and December 2023.

Mr H says that he refused to make further payments in December 2023 after he did some research into the company he believed he was paying. He then reported the scam to the three banks he had been making the payments from.

Bank B refunded part of Mr H's loss, it said it could have done more to protect him from the scam, but felt he should also bear some responsibility for his loss.

Bank N refunded Mr H's loss from October 2019 to May 2023 as a gesture of goodwill. It said it would not refund any payments made after 5 May 2023 as, at that time, it spoke to Mr H and advised him he was the victim of a scam, but Mr H nonetheless went on to make further payments, at which point Bank N blocked his account.

Lloyds declined to refund Mr H's loss, it said the payments were not covered by the Lending Standards Board's Contingent Reimbursement Model Code (the Code) because they were international payments, it also said that it felt the payments were not unusual enough to have been flagged as high risk and so did not consider it was required to intervene in the payments.

Mr H was unhappy with Lloyds' response, so he referred his concerns to our service. One of our Investigators looked into what had happened but did not uphold Mr H's complaint. She felt that Lloyds had treated Mr H fairly.

Mr H disagreed, so his case was passed to me for a decision. I issued my provisional decision on 21 August 2025, explaining why I did not intend to uphold Mr H's complaint.

Mr H responded to say he would accept my findings, but he reiterated that the other banks involved had refunded some or all of his loss, and he therefore believed that Lloyds should do the same as a precedent had been set.

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 my provisional decision I explained the following:

"It isn't in dispute that Mr H authorised the payments in question. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that he is liable for the transactions. Lloyds has signed up to the voluntary CRM Code, which provides additional protection to scam victims. Under the Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances). But these payments were international payments to Spanish accounts, and international payments are not covered by the Code. So, in the circumstances of this complaint the Code does not apply.

Because of this, Mr H 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 Mr H, or whether it should have done more than it did.

In this case, I agree with our Investigator that the initial payments to the scam were not unusual enough to have merited intervention from Lloyds. Specifically, the first payment Mr H made, while it was to an international account, did not exhibit any other clear risk factors and was not so high that I consider direct intervention by Lloyds was warranted. Mr H then went on to make a series of payments over the next year, at regular intervals, for similar amounts and apparently to the same account. Given this pattern, I don't think there were any clear red flags to suggest that these payments might be part of a scam.

However, Mr H then stopped making payments to the scam from his Lloyds account for several years, and when he started up again the pattern was very different. In August 2023 Mr H transferred over £14,000 into his Lloyds account and then transferred it out, to what appears to have been a new Spanish account, in ten payments over the course of the month. Some of these payments were very close together, with there being a period around the 7-10 August 2023 where Mr H made five payments totalling over £10,000 in four days. I think that this pattern of sudden, repeated, large payments after a period of dormancy, to an international account, was unusual enough to merit some level of intervention from Lloyds, and arguably direct intervention (in the form of a phone call or similar) would have been appropriate here.

However, I am also aware that Mr H had previously spoken to one of his other banks – Bank N – about payments to this same scam. Specifically, he spoke to Bank N in May 2023 and appears to have been clearly told that he was being scammed. Mr H has acknowledged that Bank N told him he was being scammed, but has said he was unable to believe it at that time. Bank N has said it told Mr H to go and check his statements and to then call it back.

Mr H instead carried on making payments to the scam for a further few months from his account at Bank N, until Bank N blocked his account. At that time, he seems to have started using his Lloyds account to make payments instead.

With this in mind, I think it is very difficult to say that any intervention from Lloyds in August 2023, when I consider it should perhaps have stepped in to question Mr H, would have made a difference here. By that time Mr H had already been told by another bank that he was being scammed, and his account at that bank had been blocked to prevent him making any more payments, but instead of taking any steps to check that what he was doing was legitimate, Mr H started using his Lloyds account and went on to pay over £120,000 more to the same scammers.

I don't doubt that Mr H was manipulated by the scammers, he sincerely believed he was taking steps that would lead to him recovering his initial scam loss plus all the costs he had paid. However, what I need to consider here is whether Lloyds could have done anything to stop Mr H from making further payments, and given that another bank clearly told him he was being scammed, and that did not stop him from making further payments to the scam, it is very difficult for me to say that similar action from Lloyds would have had any different outcome.

I acknowledge what Mr H has said about the refunds Bank B and Bank N have given to him, but the decision to refund those amounts was down to those banks. I can only consider the complaint before me, and looking at the circumstances surrounding this complaint, I am satisfied that Lloyds could most likely not have prevented Mr H's loss, I therefore don't think it would be fair or reasonable to say that Lloyds should be held liable for that loss.

I have also considered whether Lloyds did what we would expect to try to recover Mr H's money after the scam was reported. As these were international payments the obligations are different to what they would be for a payment to a UK bank. We look to see if the bank has used best endeavours to retrieve the funds. In this case I would need to also take into account the time between the scam and Mr H reporting it to Lloyds. And I'm satisfied that, with all this in mind, Lloyds did take reasonable steps to try and recover the funds, but the responses it received from the receiving bank indicated no funds remained for recovery.

Lastly, I acknowledge that Lloyds does appear to have taken a relatively long time to provide Mr H with its final word on this complaint. But while I acknowledge the frustration this will have caused to Mr H, bearing in mind the complexities of this case, I'm satisfied that the delay does not merit any compensation for trouble and upset caused.

This means I am not instructing Lloyds to refund any money to Mr H. This is a difficult decision to make, I'm sorry Mr H lost a considerable amount of money which was very distressing for him. I can understand why he would like to be compensated for his loss. But I can only consider whether the bank, which had no involvement in the scam itself, should be held responsible for what happened. For the reasons set out above I do not currently intend to find Lloyds can be held liable in the circumstances of this case."

As Mr H has accepted my provisional decision, and Lloyds has made no further comment, I see no reason to depart from the findings set out above. I appreciate that Mr H continues to feel that Lloyds should have taken the same action as the other banks involved in payments to this scam, and refunded some or all of his loss, but as I have explained, in all the circumstances of this complaint I am satisfied Lloyds is not required to refund any of Mr H's loss here, regardless of what the other banks may have done.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 2 October 2025.

Sophie Mitchell
Ombudsman