

The complaint

Mr B complains that Lloyds Bank PLC (“Lloyds”) won’t reimburse payments he made to what he now believes to be a scam.

What happened

The background to this complaint is well known to both parties, so I won’t repeat everything in detail again here. However, in summary, Mr B believes he’s been the victim of a scam.

Mr B was contacted by telephone by a company I will refer to as “W”. W offered investments into whisky from a number of different distilleries. W talked with Mr B at length and provided him with an investment brochure and Mr B was ultimately persuaded to invest. Between December 2022 and August 2023, Mr B invested £30,000 into bonds with W.

Mr B didn’t receive any returns on his investment and began to hear that W was having financial difficulties. Mr B then realised he was no longer able to access his investment portal and so suspecting he’d been the victim of a scam, he contacted his bank, Lloyds, to request a refund of the amount lost.

Lloyds declined to offer Mr B a refund. It said it didn’t think he’d been the victim of a scam at all. It thought Mr B had invested in a legitimate company that had ultimately failed after Mr B had made his payments. This meant that Mr B now had a civil dispute with W rather than that he’d been the victim of a scam.

Mr B didn’t agree with what Lloyds said and so he brought his complaint to this service with the help of a professional representative.

One of our investigators looked into things but they didn’t uphold the complaint. They agreed that it was reasonable for Lloyds to treat Mr B’s circumstances as a civil dispute rather than a scam. They said there was no evidence that Mr B’s investments in bonds with W had been fraudulent.

Mr B didn’t agree with our investigator’s opinion. And as an informal agreement has not been reached, the case 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.

Having done so, I agree with the outcome reached by our investigator, for the same reasons. I will explain why in more detail below.

In broad terms, the starting position at law is that a bank, such as Lloyds, is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

Lloyds is a signatory of the Contingent Reimbursement Model Code ("the CRM Code") which requires firms to reimburse customers who have been the victims of authorised push payment ("APP") scams in all but a limited number of circumstances. The Code, however, does not apply to:

"private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier".

It follows that Mr B would not be entitled to a refund under the CRM Code if it was found that his payments went to a legitimate investment that ultimately failed.

So, in order to reach my decision on this complaint, I've considered the purpose for which Mr B made his payments and the purpose for which W received those payments. And, if there is a significant difference in these purposes, whether I can be satisfied that this difference was as a result of dishonest deception.

Mr B's investment into bonds

I'm satisfied Mr B intended his funds to be used to purchase bonds. I haven't seen anything that persuades me that Mr B didn't think this was a legitimate purpose. So, I've then gone on to consider the purpose W had in mind at the time it received Mr B's funds and whether W's purpose was in line with the purpose Mr B had in mind at the time he sent the funds. In reaching a conclusion on this point, I've considered the following:

- This service has seen statements relating to W's beneficiary account. The statements show significant sums being paid out of the account to well-known distilleries and whisky storage facilities which suggests that W was investing in whiskey as it said it was. This in turn suggests Mr B's funds would've most likely been used for the purpose agreed too. I haven't seen anything to suggest they weren't.
- Mr B and his representatives haven't provided any evidence to support that the investment didn't take place as agreed.

So, without any evidence to support Mr B's arguments, I can't reach the conclusion that it's more likely than not that W didn't carry out the actions agreed as part of his investment with it.

Overall, I'm not persuaded that Mr B and his representatives have sufficiently demonstrated that the investment Mr B entered into wasn't legitimate. The activity on the beneficiary account and the fact that others did receive returns suggest it was. And for this reason, I'm not persuaded that Lloyds has acted unfairly in reaching the conclusion that Mr B's circumstances amount to a failed investment rather than a scam. So, I won't be asking Lloyds to return to Mr B the funds he lost now.

I've also considered whether Lloyds could've done any more at the time of the payments in order to prevent Mr B's loss but I'm not persuaded it could. I'm not persuaded that any information that might've been presented by Mr B at the time would've suggested he might

be at risk of financial harm – as I'm satisfied this was most likely a legitimate investment. So, I can't fairly say Lloyds could've prevented Mr B's loss at the time either.

Overall, I'm not persuaded that Mr B has fallen victim to an APP scam, based on the evidence available to me. I've no doubt that this will be extremely disappointing for Mr B but I'm unable to say that Lloyds should reimburse his loss. Should any material new evidence come to light at a later date, for example from the police or administrators, Mr B can ask Lloyds to reconsider his claim. But, as it stands, I can't fairly say Lloyds should reimburse his losses under the CRM Code or for any other reason.

Finally, I want to say how sorry I am to hear about what has happened to Mr B. I have every sympathy for him, I know he has lost a substantial amount of money. But many businesses and investments fail for genuine reasons, and not because they were set up to defraud and scam people. I believe that to be the case in this instance.

My final decision

My final decision is that I do not uphold this complaint about Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 30 December 2025.

Emly Hanley Hayes
Ombudsman