

The complaint

U, a limited company, is unhappy that Lloyds Bank PLC hasn't reimbursed it after it was the victim of a scam. Mr C brings the complaint on behalf of U.

What happened

In early 2023, U's financial advisor, who it had worked with since 2022, introduced Mr C to an investment opportunity. Mr C was persuaded to invest U's money and sent the following payments from U's account:

Date	Payment amount	Transaction type
13 July 2023	£5,000	Bank transfer
13 July 2023	£15,000	Bank transfer
9 August 2023	£20,000	Bank transfer
7 September 2023	£20,000	Bank transfer
13 September 2023	£10,000	Bank transfer
19 September 2023	£20,000	Bank transfer
21 September 2023	£20,000	Bank transfer
11 October 2023	£10,000	Bank transfer
31 October 2023	£10,000	Bank transfer
Total	£130,000	

Unfortunately, after it was unable to withdraw funds or get in contact with the people arranging the investment, U discovered it had fallen victim to a scam. It reported the situation to Lloyds on 4 February 2025. Lloyds tried to recall the funds from the receiving bank, but unfortunately they'd been moved and it was no longer possible to recover them.

Our investigator considered the complaint. They didn't think Lloyds' decision was unfair and didn't ask it to reimburse U for its loss. As U didn't accept their findings the complaint has been passed to me to make 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.

Overall, I've reached the same conclusions as the investigator for broadly the same reasons. So I don't have much more to add in my decision. Whilst it's unfortunate U has fallen victim to a scam, I haven't found Lloyds is responsible for its loss.

The Contingent Reimbursement Model (CRM) code

U has argued the CRM code should be applied in this case because of Mr C's personal involvement in the scam. But the money sent to scammers in this case came from U's account and therefore belonged to U, a limited company and a separate legal entity to Mr C.

The CRM code sets out that it applies to 'customers' as defined in regulation 2(1) of the Payment Services Regulations. This sets out that a customer is someone acting for purposes other than a trade, business or profession, a charity with an annual income of less than £1 million, or a micro-enterprise. U doesn't fall into any of these categories. It's a limited company, not an individual acting outside a trade, business or profession. It isn't a charity and due to its size, it doesn't meet the definition of a micro-enterprise. So it doesn't meet the definition of a customer and the code doesn't apply to it.

I've considered Mr C's arguments, namely that the client agreement relating to the investment was in his personal name. But as I've outlined above, the money sent to scammers belonged to U and it's therefore U's loss that needs to be considered.

Should Lloyds have done more to intervene when the payments were being made

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what's fair and reasonable in this case.

However, taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider 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 transactions or other signs that might indicate that its customers were at risk of fraud (among 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 it processed a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

Having carefully considered the activity on U's account while it was making payments to scammers, I don't think any of the payments should've seemed significantly unusual enough that Lloyds ought to have intervened.

U frequently made larger payments equal to or higher than the amounts it was paying to the scammer during the period in question. I can see numerous payments of similar amounts in

the months leading up to the start of the scam payments so I think the payments were broadly in line with the general use of the account. Because of this I don't think they ought to have seemed significantly unusual enough to prompt intervention from Lloyds based on their value alone.

The payments didn't empty the account, and weren't made in quick succession. They were made over a period of weeks and months which reflected a long standing arrangement. So I don't think the pattern of payment ought to have appeared indicative of a scam either. I've also considered that the first payment, of £5,000, would've been to a new payee, but U is a business. It's reasonable to expect a business will make payments to new payees from time to time.

I've noted Mr C has mentioned other interventions Lloyds has made in the past. But I'm considering Lloyds' actions here and whether I think it did enough when the payments to the scammer were being made. And for the reasons given I'm satisfied it acted reasonably. Lloyds has to strike a balance when monitoring its customer's accounts. If it were to block and request additional confirmation, beyond that required of the terms and conditions, every time a payment was made it would significantly hinder its customers' use of their accounts. And this would be particularly difficult for account holders like U where it's trying to carry out normal business operations.

I understand Mr C has made the argument that had Lloyds asked U questions about the payments when they started, and before U knew it was being scammed, this would've prompted him to look into things further and the scam would've been uncovered.

Like the investigator, I'm not persuaded by this. U was receiving advice to invest from a trusted financial professional it had an existing relationship with. And this professional, who seemingly wasn't involved in the scam, was persuaded it was legitimate. So it's not clear why questions about the investment, or information about how investment scams tend to be perpetrated might've prompted Mr C to go against this advice. Especially as U doesn't appear to have had any concerns until over 18 months later.

But in any event, I don't think Lloyds ought to have intervened here. So even if any intervention would've made Mr C look into things further and recognise the scam as he's said, I'm afraid I don't think Lloyds missed an opportunity to prevent the payments being made. So I don't think it's liable for U's loss.

Did Lloyds do enough to try and recover the funds

Mr C reported the scam to Lloyds on 4 February 2025, around 15 months after the last payment was made to the scammers. Lloyds contacted the receiving bank which confirmed no funds remained. And this doesn't seem unusual given that typically, funds obtained fraudulently will be moved on quickly.

Mr C has suggested Lloyds ought to have done more to try and recover the funds, including taking further steps within 'industry channels' but I'm not sure what he means by this. I would've expected Lloyds to make reasonable attempts to recover the funds as it's obliged to. And contacting the recipient's bank to try and recall the money is doing this. So I wouldn't have expected it to do more.

It was beyond Lloyds' control that the funds were unfortunately moved on before U discovered it had been scammed, and Lloyds wasn't responsible for this delay. I'm not

aware of any other avenues I reasonably would've expected Lloyds to pursue or that would've likely recalled payments made so long before it was alerted to the problem.

My final decision

I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask U to accept or reject my decision before 4 March 2026.

Faye Brownhill
Ombudsman