

The complaint

D, a limited company, complains that Lloyds Bank Plc didn't do enough to recover their funds when they were the victims of an email intercept scam. They'd like Lloyds to reimburse them for their losses.

What happened

In December 2024 D were the victims of an email intercept scam and sent £3,340 from their Lloyds account to a third-party bank. They called the bank later that day to report what happened.

A staff member at D contacted Lloyds again the next day and found the initial fraud report had not been logged correctly. She had to report the circumstances again to Lloyds before it was logged correctly. Lloyds contacted the receiving firm but were told no funds remained.

D complained to Lloyds about the way their fraud claim was handled, and Lloyds agreed they had not provided the service expected. They offered £80 in compensation.

The receiving bank later recovered £643.16 of D's money, which was returned in March 2025. However, D remained unhappy and referred their complaint to our service. One of our investigators thought Lloyds had delayed the report to the receiving firm, and there potentially could have been funds in the account to recover. But she also said this was less than what was ultimately recovered – so she didn't think this necessarily led to a loss to D. But she agreed the service Lloyds had provided D had inconvenienced them. She suggested an additional £80 compensation, for £160 in total.

Lloyds accepted this, but D disagreed. They said they believed Lloyds had told them they would receive the full amount back when initially reporting the fraud. But this didn't change the investigators mind. As no agreement could be reached the complaint has now been passed to me to decide.

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.

Firstly, I'd like to recognise D have been the victims of fraud here, and I sympathise with the difficulties this has undoubtedly caused. There doesn't seem to be any dispute D authorised the payment from their account – albeit under false pretences. So, Lloyds haven't done anything wrong by processing this payment request.

I've seen no compelling evidence Lloyds ought reasonably to have intervened to prevent the transactions. And considering the size of D's business, they do not meet the criteria for automatic reimbursement.

It's also not disputed Lloyds made an error in not logging D's fraud claim correctly, and this subsequently led to delays in reporting this to the receiving firm. I see the key consideration

here is whether this ultimately meant there were funds that could have been recovered for D but weren't.

Here, the receiving firm have confirmed to our service that at the time D contacted Lloyds there were some funds remaining in the account – just over £437. So, if D's claim had been logged properly by Lloyds, and then Lloyds contacted the receiving firm within a reasonable timescale, there is the possibility these funds could have been recovered. But as it was these funds were then paid away the next day, before Lloyds had contacted them.

I see the argument if Lloyds had logged the fraud claim appropriately, then these funds wouldn't have been lost. But I can also see the receiving firm eventually recovered £643.16. And D have confirmed was returned to D on 27 March 2025. D has pointed out Lloyds didn't inform them of this refund, and I can understand how this would be frustrating. Although it seems to have direct from the receiving firm. I can't say for certain if these funds relate to the £437 Lloyds could have prevented being lost – but I'm minded it's fair to say that D have already been reimbursed more than losses than Lloyds could have prevented. So, I don't see they need to do anything further here.

That said, Lloyds have accepted the service they provided fell short of expectations. And I can see it took staff from D longer than necessary to sort out, which will have had an impact on the operation of their business. I am mindful though most of the inconvenience here is down to the actions of the fraudsters. But I accept what D has told us about being passed around between different departments and not receiving the expected updates. While I don't see this has a specific impact on the outcome of the claim, I can see how this will have caused additional inconvenience beyond what D could reasonably expect, as the victims of a crime.

So, I agree more compensation should be offered. The investigator suggested an additional £80, and I see this is a fair way to resolve the situation.

My final decision

To resolve this complaint Lloyds Bank Plc must pay D £160 in total to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 7 May 2026.

Thom Bennett
Ombudsman