

The complaint

Miss B complains that Lloyds Bank PLC won't refund the money she lost to an investment scam.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In December 2023, Miss B started to communicate on a dating and messaging app with a man, I'll call X.

After getting to know each other, X who made himself out to be prosperous professional, brought up money and his investment trading. Despite being reticent, Miss B who was looking for a serious relationship, was persuaded to invest as X told her she could both make significant profits and help him with his targets.

X told Miss B to pay his colleague's account (Person Y) and gave her their account number with regulated Firm R.

Miss B had an account with both Lloyds and Bank S and she decided to pay Person Y from her Bank S account.

So, Miss B transferred the following three amounts to her Bank S account:

Payment Number	Date	Payment Method	Payment Details	Amount
1	28 January 2024	Faster payment	Miss B's account with Bank S	£650.00
2	29 January 2024	Faster payment	Miss B's account with Bank S	£2,156.70
3	2 February 2024	Faster payment	Miss B's account with Bank S	£6,000.00
Total				£8,806.70

Miss B then paid Y the following 3 payments, totalling £4,306.70, from Bank S:

- £650 on 28 January 2024
- £2,156.70 on 29 January 2024
- £1,500 on 3 February 2024

Miss B was led to believe she'd made significant profits and X then persuaded her to increase her investment and withdraw £6,500 cash. Miss B visited a Lloyds branch on 6 February 2024 to withdraw this amount from her account.

Lloyds released the cash after giving Miss B scam advice and warnings and asking her probing questions.

Miss B was nervous about having this amount of cash and became anxious after being contacted by Person Y and not being able to speak to X. She then spoke to her brother and thought she was being scammed.

Miss B subsequently complained to Lloyds seeking reimbursement for her loss as she considers they hadn't done enough to protect her. Miss B feels she wouldn't have been scammed if Lloyds had called and questioned her about her large withdrawals. She also:

- Points out that the Lloyds representative *'serving me told me that he could tell that I was getting scammed when he looked at my statement'*.
- Questions, why *'if the staff at the branch noticed that I was getting scammed by looking at my statements' Lloyds didn't contact and question her about this prior my visit to the branch'*.

Lloyds declined Miss B's refund request. They said it wasn't covered under the Contingent Reimbursement Model (CRM) voluntary code, that aims to protect customers, as it went to another account in her name. Also, they explained the reason they didn't intervene was because Miss B:

- *'Had been transferring money to her Bank S account since April 2022 and there were forty two payments to this account prior to the money you moved as part of the scam, it isn't unusual for you to move money to that account'*.
- *'Sent a payment in the last year for nearly £5,000.00, so the payment of £6,000.00 wasn't much larger than you'd moved before. We also take into account that customer's will move larger amounts as a one off payment sometimes, which doesn't necessarily mean they're being scammed'*.

As Miss B was dissatisfied with Lloyds' response she escalated her complaint to our service. Our investigator considered that Lloyds should've intervened on payment 3, for £6,000, and said Lloyds should pay Miss B 50% of the £1,500 she paid X plus 8% interest.

It's unclear if Miss B was willing to accept this but Lloyds disagree. This is because they still consider an intervention wasn't necessary. Furthermore, they don't think an intervention would've made any difference, their reasons being that Miss B *'chose to ignore the warnings provided by Bank S'* and wasn't truthful when she made the cash withdrawal.

As our investigator's view hasn't been accepted this complaint has been passed to me to look at.

I issued a provisional decision on 4 October 2025, and this is what I said:

I've considered the relevant information about this complaint.

My provisional decision is different to the outcome of that reached by our investigator. So, I'd like to give both parties an opportunity to respond.

The deadline for both parties to provide any further comments or evidence for me to consider is 18 October 2025. Unless the information changes my mind, my final decision is likely to be along the following lines.

If I don't hear from Miss B, or if they tell me they accept my provisional decision, I may arrange for the complaint to be closed as resolved without a final decision.

What I've provisionally 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, my provisional decision is different to our investigator's view and I'm currently not upholding this complaint. I'll explain why.

I should first say that:

- I'm persuaded by Miss B's submissions and transactions that a scam has occurred here and I'm very sorry to hear that she has lost a significant amount of money to the cruel scammers.*
- My role is to independently evaluate the evidence provided by both parties. So, where evidence is incomplete, inconsistent or contradictory, as some of it is here, I must reach my decision on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available evidence and wider circumstances.*
- Although Lloyds is a signatory of the CRM Code which requires firms to reimburse customers who have been the victim of a scam in most circumstances, I'm satisfied this code doesn't apply where customers aren't directly paying 'another person'.*
- I'm satisfied that Lloyds weren't able to recover Miss B's funds as Bank S had already tried to recover them from the payee, but the account had unfortunately been emptied.*
- The Payment Services Regulations 2017 (PSR) and Consumer Duty are relevant here.*

PSR

Under the PSR and in accordance with general banking terms and conditions, Banks should execute an authorised payment instruction without undue delay. The starting position is that liability for an authorised payment rests with the payer, even where they are duped into making that payment. There's no dispute that Miss B made the payments here, so they are considered authorised.

However, in accordance with the law, regulations and good industry practice, banks should be on the look-out for and protect its customers against the risk of fraud and scams so far as is reasonably possible. If it fails to act on information which ought reasonably to alert a prudent banker to potential fraud or financial crime, it might be liable for losses incurred by its customer as a result.

Banks do have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm, against the risk of unnecessarily inconveniencing or delaying legitimate transactions.

So, I consider Lloyds should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks such as anti-money laundering and preventing fraud and scams.*
- Have systems in place to look 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 and building societies 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 processing a*

payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

Consumer Duty

Also, from July 2023 Lloyds had to comply with the Financial Conduct Authority's (FCA's) Consumer Duty which required financial services firms to act to deliver good outcomes for their customers. Whilst the Consumer Duty does not mean that customers will always be protected from bad outcomes, Lloyds was required to act to avoid foreseeable harm by, for example, operating adequate systems to detect and prevent fraud. Also, look out for signs of vulnerability.

With all the above in mind the above, I first looked at whether Lloyds should've put interventions in place on any of the three payments.

Payment 1 and 2

For the following reasons, I also wouldn't have expected any interventions to take place prior to releasing these two payments for £650.00 and £2,156.70:

- *Firm S is a UK regulated electronic bank authorised by the FCA, and payments which go from one account to another at established banks are called 'me to me' payments.*
- *It is very common for customers to have more than one bank account.*
- *Miss B had made numerous 'me to me' payments to Bank S for similar and higher amounts.*
- *It is reasonable for the bank making the 'me to me' payment to have some comfort in the fact that:*
 - *The customer has control over both accounts.*
 - *If a subsequent payment is made, after the transfer, and deemed high risk the other bank will have better information to complete checks.*

So, for relatively low 'me to me' payments, I would've expected them to be viewed as low risk and I wouldn't have expected to see an intervention.

Payment 3

Miss B frequently made 'me to me' transfers to her Bank S account and Lloyds process thousands of payments each day and have to assess the risk and strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm.

However, for the following reasons, I would've expected an intervention before releasing payment 3:

- *I would expect a bank to have systems in place to undertake account analysis.*
- *Although there were fluctuations in Miss B's expenditure, at no point did the balance on her account get drained and have an amount as low as £1,000.*
- *When the previous large transfer for £4,900 had gone out, ten months earlier, the balance left was approximately £8,000.*
- *The two payments on 1 and 2 February 2024, one a legitimate payment for £2,290 and the other the £6,000 transfer to Bank S (the largest payment out of the account in the previous six months), meant that:*
 - *£8,290 was moving out of her account in consecutive days.*

- *For the first time in two years her account balance went significantly lower than her normal minimum and importantly below £1,000.*

For the above reasons, I think Lloyds should've put in place a human intervention, with one of their fraud and scam agents, to find out what was happening here, and check Miss B wasn't at risk of financial harm.

Causation

I then considered causation. Put simply, whether Lloyds' failure to analyse, intervene, warn and probe caused Miss B's loss from payment number 3. To do this, I looked closely at what happened when:

- *Lloyds did intervene upon the cash payment for £6,500 which occurred after payment 3 and before Miss B realised she had been scammed.*
- *Bank S put in place automated interventions.*

Lloyds cash withdrawal intervention

Lloyds said that when Miss B made the cash withdrawal and they asked her for the reason, she misled them saying the money was to purchase a car rather than to lend to a new friend for an investment. Had she said this, it would've likely unravelled the scam.

Lloyds say they provided Miss B with warnings around fraud and scams relevant to cash withdrawals for a car purchase. Although Lloyds haven't provided evidence, Miss B has confirmed that this is the case and explained that the reason she wasn't truthful was because X had told her to give that reason. Miss B also:

- *Praised the agent's diligence and commented on her thorough detailed and probing questions which included questions about the car and seller.*
- *Says the Lloyds agent asked her 'a lot of questions'.*
- *Says 'Lloyds made me read leaflets about scams'*

I've looked at the limited dialogue between Miss B and X and although I couldn't see any coaching (to ensure either the payments or cash withdrawal weren't blocked upon any intervention by Bank S or Lloyds), I'm persuaded coaching did occur. This is because, when talking about the Lloyds intervention on the cash payment, Miss B told Bank S that X had told her how to answer Lloyds' questions when she gave a car payment as the reason.

Miss B says the agent picked up on her being worried but, due to Miss B's comments about the agent and her realising it was likely to be a scam at a later time in the day after she's spoken to her brother, I think this was because she was going to be carrying a large amount of cash and not because she thought she was being scammed.

I am persuaded the agent was concerned about Miss B carrying the cash, and therefore I think she was likely to have explored other payment methods. But I'm not persuaded the agent had good reason to suspect a scam and knowingly allowed it to happen (if the cash was subsequently passed to X). This is because:

- *As mentioned above, Miss B talks about the agent being very diligent.*
- *A car purchase would've explained Miss B using much of her account balance and as (lower end) car prices can be reduced upon a cash payment, I don't think this would've seemed that unusual.*
- *The agent would've known Bank S didn't have branches and due to the coaching, which appeared to be detailed covering the car seller, I think Miss B would've*

likely had a plausible reason for the Bank S transfers.

- *Miss B frequently did 'me to me' payments.*

Without information on the coaching that was given, it is difficult to know what X told Miss B to say and how a Lloyds agent could've detected something was amiss and had a reason to block the payment.

Our investigator appears to have been under the impression that the diligence of the Lloyds agent revealed the scam. Also, he didn't appear to be aware of the untruthful answers Miss B gave the agent. Information from Lloyds file notes and call recordings show Miss B actually left the Lloyds branch with the cash (having led their agent to believe she was buying a car) and it was only after leaving the branch, trying to call X (following a missed call from Y), being worried about the cash and speaking to her brother (who told her he thought she was being scammed) that she reflected on the warnings she was given by the Lloyds agent. And the combination of these events led her to believe it was a scam and take the cash back to the branch.

Bank S's intervention

Bank S provided evidence of the automated interventions they put in place before releasing payments to the scammer. These were questions to ascertain and display the most effective warnings in order to prevent Miss B from making payments to scammers.

Whilst I think it likely that Miss B was influenced and coached, I found that:

- *When she was presented with a link to scams and given warnings, such as a) 'could this be part of a scam?' b) 'verify who you are sending money to as you may not be able to recover these funds' c) 'fraudster may tell you to ignore these warnings', d) 'be wary of anyone guiding you through these questions' e) 'is someone telling you how to send this payment, if so, you're talking to a scammer cancel this payment and call us', she decided to proceed, didn't contact Bank S and set the scammer up as a new payee. This was despite most of the warnings being relevant, including her not knowing the payee and her likely being told to ignore the warnings.*
- *When asked the payment purpose she chose 'repayment of loan, mortgage or credit cards' which were false.*
- *When asked whether she had paid the payee before, she said 'yes' which was false.*

Summary

So, based on the above intervention information, I'm not persuaded by Miss B's argument that if Lloyds had put in place a human intervention earlier, at payment number 3 for £6,000, and probed and provided warnings, that they would've prevented the payment going through and stopped her loss.

I think it more likely than not Miss B would've given a false reason for the transfer and similar to what occurred on the cash withdrawal a misleading answer would've led to Lloyds not providing her with the correct warnings.

I appreciate Miss B contributes the uncovering of the scam to the Lloyds intervention when she withdrew the cash. But that intervention didn't work and some of the above-mentioned combination of reasons that unravelled the scam wouldn't have applied if there was an intervention call on 2 February 2024 about a 'me to me' transfer as opposed to a cash withdrawal.

As mentioned above, from the available information, it isn't possible to know what Miss B was told and whether her answers would've provoked suspicion. But

considering the payments were to a 'me to me' account which she often paid, Lloyds couldn't see what was happening when the funds arrived at Bank S and it wouldn't have been difficult for her to give a plausible explanation, I can't fairly say that Lloyds would've likely become suspicious upon probing and been able to prevent the payment or unravel the scam.

I'm sorry to disappoint Miss B but although I recognise she has been the victim of a cruel scam and I'm very sorry she's lost this money, for the reasons I've explained, I don't think it would be fair and reasonable to ask Lloyds to make a refund here.

My provisional decision

For the reasons mentioned above my provisional decision is to uphold this complaint against.

This is subject to any comments that either party may wish to make.

These must be received by 20 October 2025.

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.

Further to my above provisional decision, with a deadline of 20 October 2025, I didn't receive a response from either party.

So, as no further arguments or evidence have been produced in response to my provisional Decision, my view remains the same. I therefore adopt my provisional decision and reasons as my final decision.

My final decision

For the reasons mentioned above, I'm not upholding this complaint against Lloyds Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 18 November 2025.

Paul Douglas
Ombudsman