

The complaint

Mr F complains that Lloyds Bank PLC ('Lloyds') won't refund the money he says was lost as the result of an investment scam.

What happened

Mr F says he was looking for new investments and found one on a social media site for a company I'll refer to as C. C said they were developing land overseas. As part of the investment, Mr F was asked to pay £186,500. £140,000 was to purchase land and the balance was to cover infrastructure costs. Mr F had to pay a deposit upfront of £30,000 then a monthly payment until he'd paid the full £186,500.

Mr F expected it to take 3-6 months to build the houses, and when completed, he would receive rental income.

In April 2023 Mr F was asked to start making his monthly payments to an account based in the UAE. Mr F was concerned and did some investigation. As a result of his investigation, he believed that it was a scam, and he stopped making the monthly payments.

These are the payments Mr F made from his Lloyds account.

Date	Details of transaction	Amount
24.1.2022	Payment to C	£2,000.00
27.1.2022	Payment to C	£10,000
28.1.2022	Payment to C	£10,000
31.1.2022	Payment to C	£10,000
20.4.2022	Payment to C	£3,333.32
27.4.2022	Payment to C	£541.67
20.5.2022	Payment to C	£3,874.99
21.6.2022	Payment to C	£3,874.99
20.7.2022	Payment to C	£3,874.99
2.9.2022	Payment to C	£3,874.99
23.9.2022	Payment to C	£3,874.99
20.10.2022	Payment to C	£3,874.99
5.12.2022	Payment to C	£3,874.99
17.1.2023	Payment to C	£3,874.99
13.2.2023	Payment to C	£3,874.99
28.3.2023	Payment to C	£3,874.99
25.4.2023	Payment to C	£3,874.99
20.5.2023	Payment to C	£4,000.00

Mr F raised a fraud claim with Lloyds, using a professional representative, in November 2024. Lloyds investigated Mr F's claim but declined to refund him. Lloyds say Mr F has a civil dispute with C as it appears that C is a genuine company offering a high-risk investment.

Mr F wasn't happy with Lloyds' response, so he brought a complaint to our service.

An investigator looked into Mr F's complaint but didn't uphold it. The investigator wasn't satisfied that Mr F had evidenced the funds were lost as the result of an APP scam, as defined by the Contingent Reimbursement Model Code (CRM Code). The investigator highlighted that Mr F hadn't proven the source for all the funds used to make the payments to establish that the financial loss suffered was his.

Mr F disagreed with the investigator's opinion and asked for an ombudsman to review his case. Mr F raised the following points:

- Investors were misled into believing they were investing in a legitimate, government-backed project, when in reality, their funds were diverted elsewhere. C is not linked to the genuine company that is part of the government-backed project.
- The fact Mr F was asked to pay a UAE bank account for a discount suggests that this was a scam and investors' funds weren't being used for the development project.
- C has not provided proof that his funds were used for the agreed purpose.
- Mr F's communication with C was over a messaging app, which is inappropriate if C was a legitimate regulated investment company.
- There are negative investor experiences online and other investors have faced similar issues with a lack of returns, lack of progress and misrepresentation.
- The previous CEO of the company has a history of fraudulent property schemes, including one where investors lost money after the scheme collapsed.

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 deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities. In other words, on what I consider is more likely than not to have happened in light of the available evidence.

In broad terms, the starting position at law is that a bank such as Lloyds are 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.

Is Mr F entitled to a refund under the CRM Code?

Lloyds have signed up to 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.

But the CRM Code does not apply to private civil disputes, and defines what is considered an APP scam as, "*where the customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent*".

To decide whether the circumstances under which Mr F made his payments meets the definition of an APP scam, I need to consider:

- The purpose of the payments and whether Mr F thought this purpose was legitimate.
- The purpose C had in mind at the time of the payments and whether this was broadly in line with what Mr F understood the purpose to be.
- And, if I decide there was a significant difference in these purposes, whether I'm satisfied that was as a result of dishonest deception.

Mr F was making payments to C as part of a property development investment. Based on the marketing material and information available to Mr F, I haven't seen anything that would've suggested to Mr F this wasn't a legitimate purpose.

So, I've gone on to consider what purpose C had in mind and whether it was in line with what Mr F thought.

In reaching an answer on what purpose C had in mind, the key information to this case is:

- C has been a UK incorporated company since September 2017 and is still active. This shows that C had been trading for a significant period of time prior to Mr F making his payments. There was an application to strike-off in August 2023, but this was discontinued a month later and after Mr F made his payments. I haven't seen any evidence that suggests C weren't trading legitimately at the time Mr F made his payments.
- We've received information from the receiving bank, and I'm limited on what I can share due to data protection legislation. However, that evidence doesn't support that Mr F's funds weren't used for the intended purpose or that he has the victim of an APP scam.
- Mr F has provided evidence of other dissatisfied investors which he says proves it was a scam. However, investors not receiving their funds back or the development project being delayed doesn't mean that C took investor's funds with a different purpose in mind. There can be many genuine reasons why an investment or a company can fail, or that a development project can be delayed. Mr F hasn't provided any evidence that proves this was a scam, or that C set out with the intention to defraud investors.

Under the CRM Code, it's Mr F's responsibility to prove that his funds weren't used for the intended purpose by C and I'm not satisfied that Mr F has done that.

Mr F has made a number of allegations, including about a previous CEO of C. But, Mr F hasn't provided evidence that supports these allegations, or more importantly, that shows C set out with an intention to defraud investors in relation to the payments Mr F made.

I appreciate that the type of evidence needed to prove this was a scam is difficult for Mr F to obtain. Usually, this evidence would be available following an investigation by organisations like the Police or Trading Standards. I haven't seen any evidence that there has been an investigation of this type into C or the investment that Mr F was making his payments in relation to. If material new evidence comes to light at a later date, Mr F can ask Lloyds to reconsider his claim.

As the evidence doesn't show that C took Mr F's funds with a different purpose in mind, or that Mr F's funds weren't used for the intended purpose, I'm not satisfied that Mr F has met

the definition of an APP scam under the CRM Code. On that basis, I'm not satisfied that Mr F's payments are covered by the CRM Code or that I can hold Lloyds liable under it.

Is there any other reason that I could hold Lloyds liable for Mr F's loss?

Taking into account the law, regulators 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 preventing fraud and scams.

Also, I'd expect Lloyds to have 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). And where a potential risk of financial harm is identified, to have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment.

Having reviewed Mr F's previous account activity, I'm not satisfied that the payments were so unusual and out of character that Lloyds should've identified a potential risk of financial harm from fraud. Mr F regularly made payments of over £20,000, so these payments were in line with his usual account activity.

However, even if I was satisfied that Lloyds should've intervened, I'm not persuaded that Mr F's loss would've been prevented. I say this as Mr F was dealing with a UK incorporated company and all of the information available at the time suggested that he was dealing with a legitimate investment. The government-backed property development project was genuine, and C appeared to be linked to this project. Also, Mr F says he knew friends who had invested. So, had Lloyds asked questions about the reason Mr F was making the payments, I'm not satisfied that Lloyds would've been concerned or that they could have fairly refused to follow Mr F's payment instructions.

It's worth noting that I wouldn't expect Lloyds to provide advice to Mr F on the suitability of the investment. And just because it was an unregulated investment, doesn't mean that it wasn't genuine or that Lloyds should've been concerned.

I'm really sorry that Mr F has suffered a financial loss, but I'm not satisfied that I can fairly hold Lloyds liable or ask them to refund him.

My final decision

My final decision is that I don't uphold this complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 12 January 2026.

Lisa Lowe
Ombudsman