

## **The complaint**

K, a limited company, is complaining that Lloyds Bank PLC didn't do enough to prevent it from making payments to a scam.

The complaint is brought on K's behalf by its director, Mr W.

## **What happened**

Both parties are familiar with the circumstances of this complaint so I'm only going to set out the key points here.

Mr W saw a service advertised by a company I'll call F, which involved setting up an automated online store for K which would be managed by F.

Mr W spoke to a representative of F and thought that the service it was offering seemed like a good opportunity. After some further conversations with F, and with someone who gave a positive review of F's services, he decided to make an initial payment to it of £15,000 in total.

On 3 May 2019 Mr W paid £1,000 to the account details F had provided to him by transfer from K's business account, and he made two further payments of £7,000 on 14 May 2019 and 16 May 2019.

Mr W says that after he made the payments, he didn't receive any further correspondence from F, and K's online store was never set up. He says this is when he realised a scam had taken place. F was dissolved in 2020.

Mr W reported what had happened to Lloyds in 2024. It looks like Lloyds did attempt to recover the payments, but it was unsuccessful.

Mr W complained to Lloyds and it responded to say it didn't think it needed to refund the disputed payments. Mr W brought K's complaint to the Financial Ombudsman Service.

Our Investigator didn't think K's complaint should be upheld. She explained that she didn't think the disputed payments had been made to a scam – and in any event, she didn't think Lloyds ought to have found the payments suspicious.

Mr W didn't agree, so K's complaint was passed to me for review and a decision.

Mr W has recently appointed a professional representative, and on receiving an update explaining our position on K's complaint it responded to say that it did consider that K had been the victim of a scam, and that notwithstanding that the payments were made from a business account, they appeared unusual – so Lloyds ought to have intervened.

## **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.

I must take into account that Lloyds has a primary contractual obligation to carry out the payment instructions its customers give it, and to do so without delay. So, the starting position is that a limited company such as K will be assumed liable for a transfer it has instructed a financial business to make on its behalf. But Lloyds also has long-standing obligations to help protect its customers from financial harm from fraud and scams. So, if the payments were very unusual for K's business account with Lloyds, then I might think it needed to intervene before allowing them to be processed. But I also have to be mindful that banks process a high volume of transfers and transactions each day, and they need to strike a balance between intervening on a payment and not holding up or delaying their customer's requests.

Lloyds' obligation to intervene is predicated on a fraud and scam having taken place. I can see that Mr W feels strongly that a scam's taken place here and I can understand why he feels this way, as it appears K's paid a substantial amount of money for a service that wasn't received. The Investigator has explained that she doesn't think there's enough evidence that a scam has taken place, because it appears F was a legitimate company which subsequently failed (as opposed to it being *set up* with the intention of defrauding its customers of their money).

However, I should explain that for the purposes of this decision I don't need to make any detailed findings on whether the disputed payments were made to a scam or not, because this doesn't make a difference to the outcome of K's complaint. I say this because even I did conclude that a scam had taken place, I don't think the disputed payments were unusual or suspicious, such that Lloyds ought to have done anything to intervene when they were made. I'll explain why.

The payments weren't out of character when taking into account the information Lloyds had available to it about K's previous account activity. In the twelve months before K made the disputed payments it had made payments of a similar or higher value on a fairly regular basis. I'm also bearing in mind that the nature of a business account means that relatively high-value payments can often be made (as appears to have been the case for K's account) and sometimes these will be to new payees. I'm not suggesting that high value payments made from a business account should automatically not be subject to further scrutiny, but in this context the value of the disputed payments here wouldn't, and shouldn't, have caused Lloyds any concern.

There were three payments here, but they were spread out over around two weeks – so they didn't escalate rapidly in frequency or in value in a pattern which can sometimes indicate a scam may be taking place. And there wouldn't have appeared to be anything particularly suspicious about the destination of the payments which Lloyds ought to have been aware of at the time they were made.

Overall, I can't reasonably say the circumstances of the payments ought to have alerted Lloyds that K was potentially at risk of financial harm, to an extent where it should have carried out some additional checks around the purpose of the payments before processing them.

I can see that Lloyds did attempt to recover the payments when the scam was reported but, perhaps unsurprisingly due to the time that had passed and the fact F had been dissolved, they couldn't be successfully recovered.

Mr W has mentioned The Contingent Reimbursement Model (CRM) code, which provided increased protection from authorised push payment (APP) scams, and which Lloyds did sign up to. But as the Investigator's explained, the disputed payments aren't covered under the code because they were made shortly before it came into force, and it's not retrospective. For the avoidance of doubt, the Authorised Push Payment scam reimbursement rules (ASR rules) aren't applicable either, because they came into force in October 2024 and also aren't retrospective.

I'm extremely sorry to disappoint Mr W, especially considering the information he's shared with us about his circumstances. I do understand that this is a large amount of money for K to lose. But, I can only hold Lloyds responsible for K's loss if I find that it failed to do something that it should reasonably have done which would have prevented the loss. And for the reasons I've explained I don't think Lloyds ought to have done anything to prevent the payments K made here. It follows it wouldn't be fair or reasonable for me to ask Lloyds to refund them.

### **My final decision**

My final decision is that I'm not upholding K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask K to accept or reject my decision before 3 December 2025.

Helen Sutcliffe  
**Ombudsman**