

## The complaint

Mr O is unhappy Lloyds Bank Plc (“Lloyds”) has declined to reimburse him in full after he fell victim to a visa scam.

## What happened

In 2023, Mr O fell victim to a scam. He was looking to obtain a ‘certificate of sponsorship’ visa for his brother when he found the details of someone who I will refer to as “A” on a social networking site. Mr O reached out to A who said he and his company - “Company F” - could help obtain this type of visa. Mr O and A began to correspond via text messaging service and Mr O agreed to pay A for his services. Mr O was told he’d need to pay an upfront fee that would later be returned when his brother began the work placement arranged.

Mr O made two payments to A’s personal bank accounts. He made the first payment of £5,000 on 4 August 2023 and the second payment of £500 on 26 September 2023.

Unfortunately, and unbeknown to Mr O at the time, A and Company F were not legitimate and no visa was arranged for Mr O’s brother. Mr O was able to persuade A to refund him £800 but no further funds were returned. At this point, Mr O realised he’d likely been the victim of a scam and so contacted Lloyds ask for a refund of his lost funds.

Lloyds looked into what had happened to Mr O and it agreed to partially refund him. It said it hadn’t contacted the receiving banks quickly enough when Mr O initially reported being the victim of a scam and so it would agree to refund him 50% of the amount lost plus 8% simple interest - and an additional £40 in compensation to apologise for its error. However, it said Mr O should bear responsibility for the rest of his loss. Lloyds said it believed this was a fair and reasonable outcome to Mr O’s complaint as he hadn’t taken enough steps to check that the person he was paying was legitimate before authorising the payments from his account.

Unhappy with Lloyds’ response, Mr O referred his complaint to this service.

Mr O’s complaint was looked at by one of our investigator’s. The investigator didn’t recommend it be upheld. They felt it was reasonable for Lloyds to conclude Mr O didn’t have a reasonable basis for believing he was paying a genuine business for a legitimate service when he authorised the scam payments. Because of this, they thought Lloyds’ offer to refund Mr O 50% of this overall loss was fair.

Mr O disagreed with the investigator’s opinion. He said he’d done all he could to verify that he was dealing with a legitimate business given that he was vulnerable at the time and had limited knowledge about the visa application process. He also said that Lloyds had failed to provide him with an effective scam warning at the time he made the scam payments and it had failed to contact the receiving bank to try and recover his funds when he reported being the victim of a scam. Mr O felt that because of these errors, Lloyds should now be required to refund him in full.

As an informal agreement could not be reached, the complaint was passed to me for a final 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.

I'm aware that I've summarised this complaint and the responses provided briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focused on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

#### *The CRM Code*

In broad terms, the starting position at law is that a firm, in this case Lloyds, is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, at the time Mr O made the payments under discussion here, Lloyds was a signatory to the Lending Standards Board's Contingent Reimbursement Model Code ("the CRM Code").

The CRM Code requires firms to reimburse customers who have been the victims of authorised push payment ("APP") scams, like the one Mr O fell victim to, in all but a limited number of circumstances.

So, I've considered whether Lloyds should fairly and reasonably reimburse the funds Mr O lost in full in line with the provisions of the CRM Code and whether it ought to have done more to protect Mr O from the possibility of financial harm from fraud.

#### *Did Mr O have a reasonable basis for belief?*

In this case, Lloyds is seeking to rely on the following exception to reimbursement as set out in The CRM Code:

*"The customer made payments without having a reasonable basis for believing that the payee was the person the Customer was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate."*

It is for Lloyds to establish that it can rely on this exception to reimbursement, and in the particular circumstances of this case, I think Lloyds has been able to establish that this exception to reimbursement can fairly and reasonably be relied upon. I'll explain why:

- The manner in which the visa was being arranged was unusual. It was being conducted via social media and a text messaging service. I haven't seen any evidence that supports any particular work or work placement was being discussed or that the appropriate paperwork had been completed or shared. Given that this is usually a formal process requiring significant paperwork to be completed, I'm not persuaded that any of this supports that what was being offered here was a legitimate service.

- Mr O wasn't able to externally verify anything A or Company F had told him. The company had no online presence and whilst I appreciate Mr O says he checked Company F's listing on Companies House, this didn't verify that it was able to legitimately provide visa services – its profile made no mention of that at all. In fact, the company was showing as dissolved. So, there doesn't appear to be any independent information that verified A or Company F was able to legitimately offer visa services or arrange work placements as agreed. I've reviewed the messages exchanged between Mr O and the scammer and I haven't seen anything that persuades me that this was presented as a genuine service. It appears Mr O accepted at face value that a visa could be provided without external verification.
- I can't see that any questions were asked about the potential applicant or their relevant skills or requirements as you'd reasonably expect when completing the visa application process. No paperwork had been shared to support the sponsorship process had been entered into or what was being offered.
- Mr O was asked to make payments to two personal bank accounts and not to tell anyone about the agreement. I'm satisfied both of these things should have caused concern that something wasn't quite right.

Overall, I'm satisfied Mr O should've had concerns from the outset. I'm not satisfied that it was plausible that a legitimate visa application could be processed via text message, without the necessary paperwork, by someone found on social media. Essentially, Mr O had been asked to pay a not insubstantial sum to the personal accounts of someone who he was unable to externally verify, and he had no way of knowing whether this person could legitimately provide the service they were offering. Overall, I'm satisfied that the arrangement should have struck him as odd and this should've led to a greater degree of checking on his part.

Given the particular circumstances of this case and the sums involved, I'm not satisfied Mr O's actions were reasonable and I'm satisfied Lloyds has demonstrated that it can fairly rely on an exception to reimbursement under the CRM Code.

*Did Lloyds provide Mr O with an effective warning/warnings?*

Mr O would still be due a refund of 50% of his overall loss if it was found that Lloyds failed to provide him with an effective scam warning when it should've done. However, Lloyds has already agreed to refund Mr O the amount I would've recommended it pay him had it failed to provide such a warning so I don't intend to go into detail on this point again here. However, in order to address Mr O's complaint points, it is suffice to say that I have been provided with evidence that shows me Lloyds contacted Mr O to discuss the £5,000 payment made in August 2023 and Mr O was asked to confirm the reason he was making it. Mr O told Lloyds he was repaying a friend who had paid some tuition fees on his behalf, that he had known this person for a long time and that their payment details had been provided to him in person.

I've taken on board what Mr O has told us about why he said this but I also have to take into account that there wasn't anything else about the payments that would've indicated to Lloyds that they were being made as a result of a visa scam. And the bank can only give a warning based on the scam risk it could've reasonably identified at the time. Given what Mr O told Lloyds at the time of making the payments, alongside the characteristics of the payments themselves, I don't think it would be reasonable to say that in this particular case, Lloyds should've identified that Mr O was about to fall victim to a visa scam. And so whilst I agree here that Lloyds should've provided Mr O with an effective warning, I don't think it would be fair and reasonable to conclude that it failed to meet its standards under the Code and therefore that it should be held partially liable for Mr O's loss for this reason now. I see no

reason to conclude that Lloyds shouldn't have accepted what Mr O told it at the time or that it should've required him to provide further documentation.

### *Recovery*

I've thought about whether Lloyds could've done more than it did to recover Mr O funds when he reported the scam, but I don't think it could. Lloyds has acknowledged that it didn't reach out to the beneficiary banks when Mr O first reported being the victim of a scam on 7 March 2024 and it has offered Mr O a refund of 50% of his loss because of this. However, I'm not persuaded this error resulted in Mr O's loss. I say this because I have reviewed third-party statements for the accounts the funds were sent to and whilst I can't share details about these accounts with Mr O, I can confirm that Mr O's funds had already been removed by the time Mr O reported being the victim of a scam. So even if Lloyds had acted as it should've done at the time, it still wouldn't have been able to recover Mr O's funds, they had already been utilised by the scammer. So, Lloyds has already agreed to refund Mr O more than I would've recommended for this error and I won't be recommending Lloyds do anything further now.

### *Vulnerability under the CRM code*

Mr O has referenced the CRM Code's provision for vulnerable consumers. The CRM Code says that there are provisions under the Code which might lead to a refund, even when a customer doesn't have a reasonable basis for belief. The relevant part of the Code says:

*"A Customer is vulnerable to APP scams if it would not be reasonable to expect that Customer to have protected themselves, at the time of becoming victim of an APP scam, against that particular APP scam, to the extent of the impact they suffered."*

So, I've considered whether there were vulnerabilities present at the time to such an extent that Mr O was unable to take steps to identify the scam he fell victim to or to recognise steps he might take to test the legitimacy of what he was being told by the fraudster. To do so I must consider the details of the scam, Mr O's actions throughout, and the wider circumstances of what was happening.

Having thought about this carefully, on balance I don't think there is evidence within the circumstances that suggests Mr O was incapable of taking steps to protect himself from fraud and financial harm.

Mr O says he was trying to help out a family member at the time and whilst I sympathise with Mr O's circumstances and understand why he was so keen to provide his brother with some financial certainty; I haven't seen any evidence from Mr O that persuades me that this meant he was unable to protect himself from the scam as set out in the CRM Code. I've not seen any evidence to suggest that it would be unreasonable to have expected Mr O to have carried out some research or checks on the person he was sending money to and in doing so protected himself from the particular scam he fell victim to. I've not seen any evidence to suggest Mr O didn't have the capacity and understanding to query the legitimacy of what was being offered.

### *Summary*

Overall, I don't find that Lloyds is liable to refund Mr O his total outstanding loss under the terms of the CRM Code. In saying this, I want to stress that I am very sorry to hear about what happened to Mr O and I am sorry he has lost out here. It's clear he was the victim of a cruel scam designed to defraud him of his money and I appreciate that he's out of pocket

because of what happened. But I can only look at what Lloyds was and is required to do and I'm not persuaded that Lloyds is required to refund him in full under the provisions of the CRM Code now.

### **My final decision**

My final decision is that I do not uphold this complaint about Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 6 May 2026.

Emly Hanley Hayes

**Ombudsman**