

## The complaint

Mrs E complains that Lloyds Bank PLC ('Lloyds') won't refund the money she lost after falling victim to a scam.

## What happened

The background to this complaint isn't in dispute, so I won't go into detail.

In 2020 Mrs E fell victim to an investment scam. Mrs E never received her investment funds back.

In 2023, she was contacted by a company who said they could recover her lost investment funds. I'll refer to this company as X.

Between 23 February 2023 and 20 June 2020, Mrs E made 146 payments from her Lloyds account as part of this scam. These payments were funded by transfers from an account Mrs E held at a separate bank, I'll refer to that bank as Bank D.

Mrs E raised a fraud claim with Lloyds, but they declined to refund her.

Mrs E wasn't happy with Lloyds' response, so she brought a complaint to our service. Mrs E also brought a complaint about the transfers made from her account with Bank D.

An investigator looked into Mrs E's complaint and recommended that Lloyds should refund her. The investigator was satisfied that the Contingent Reimbursement Model Code (CRM Code) applied to Mrs E's payments, but Lloyds could rely on an exception to reimbursement. The investigator felt Mrs E didn't have a reasonable basis for believing X was legitimate. However, the investigator was satisfied that Lloyds should've intervened when Mrs E made the last payment on 3 April 2023 and, if they had, the scam would've been uncovered and Mrs E's loss prevented. So, the investigator recommended that Lloyds refund Mrs E from the last payment made on 3 April 2023 onwards.

I'm upholding Mrs E's complaint against both Lloyds and Bank D and there are some payments which are included in both complaints. So, we have to split liability between Mrs E, Lloyds and Bank D for the transfers from Bank D to Lloyds.

The investigator recommended Lloyds refund 50% from the last payment made on 3 April 2023 until the payment made on 5 May 2023, and 25% of all the subsequent payments after that date.

Both Lloyds and Mrs E accepted the investigator's opinion, however Lloyds had a concern about whether the redress had been correctly calculated.

Having reviewed the case, I reached the same answer as the investigator and for the same reasons. However, I reached a slightly different redress recommendation. So, I contacted both Lloyds and Mrs E and let them how I had calculated the redress and what I would be recommending Lloyds pay Mrs E.

Mrs E responded to say she accepted the new redress recommendation. Lloyds responded and made three offers of settlement on 15 December 2025. One of these mirrored what the investigator recommended in their view, but had a caveat that the refund wouldn't be made until Mrs E's case with Bank D had been resolved. The other two offers had separate caveats. Lloyds say the 8% simple interest shouldn't be calculated to the date of settlement, it should be calculated to the date of their offers.

### **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, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

As the outstanding issue is the redress and whether we've calculated it correctly, that is what I've focused my decision on.

For completeness, I agree with the investigator that Lloyds can rely on an exception to reimbursement under the CRM Code. As, after making the first couple of payments, Mrs E should've been concerned when she was being asked to make so many additional payments to different individual payees.

I also agree that Lloyds should've intervened prior to the last payment made on 3 April 2023. I say this based on the pattern of the payments, the increasing value of the payments, the change in the usage of Mrs E's account and the number of new payees she was setting up.

I'm also satisfied that an effective warning wouldn't have been sufficient at this point and intervention should've been a call to discuss the payments. Had Lloyds asked open questions about the payments, I think it's more likely than not the scam would've been uncovered and Mrs E's loss prevented. Recovery scams are common and there was no reasonable explanation for Mrs E being asked to make ongoing payments to release an investment, or why she was making payments to multiple individuals.

So, I agree that Lloyds should refund the payments Mrs E made from the last payment made on 3 April 2023 onwards.

#### Calculating the redress

All of the payments that Mrs E made from her Lloyds account from the last payment on 3 April 2023 until the last payment on 5 May 2023 (inclusive), weren't funded by transfers from Bank D. So, liability for these payments is only split between Mrs E and Lloyds, and Lloyds should refund 50% of these payments.

Mrs E didn't make any payments from her Lloyds account after 5 May 2023, until 9 May 2023.

All of the payments that Mrs E made from her Lloyds account from 9 May 2023, were funded by transfers from her account with Bank D. So, liability should be split between Lloyds, Bank D and Mrs E. This means Lloyds and Bank D should each refund 25% of these payments.

Mrs E is also entitled to interest on her refund as she has been deprived of the use of these funds.

I have considered the point Lloyds raised about the dates used to calculate the interest due to Mrs E. However, the three offers that Lloyds made on 15 December 2025 had caveats and didn't allow Mrs E's case to be resolved and meant the funds weren't returned to Mrs E. So, Mrs E will have been deprived of the use of the funds that we're recommending Lloyds repay, up to the date Lloyds make payment following this decision being issued. On that basis, I'm satisfied that it's fair for the interest to be calculated until the date of settlement.

So, Lloyds should pay 8% simple interest per year, calculated from the date of the payments until the date of settlement.

### **Putting things right**

To put things right I require Lloyds Bank PLC to:

- Refund 50% of the payments Mrs E made from the last payment made on 3 April 2023 to the last payment made on 5 May 2023 (inclusive).
- Refund 25% of the payments Mrs E made from 9 May 2023 onwards.
- Pay 8% simple interest on the above refunds, calculated from the date of the payments until the date of settlement.\*

\* If Lloyds considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs E how much it's taken off. It should also give Mrs E a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

My final decision is that I uphold this complaint against Lloyds Bank PLC and require them to compensate Mrs E as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 26 March 2026.

Lisa Lowe  
**Ombudsman**