

## The complaint

Mrs A complains that Lloyds Bank PLC ('Lloyds') won't refund the money she says was lost as the result of a scam.

## What happened

Mrs A's husband met an individual I'll refer to as S, who he built a friendship with over a few months.

Mrs A and her husband were looking to change a property from being two maisonettes to two houses. S offered advice about the proposed work. Mrs A says S invited them to his home, which he said he'd completed work on. S also introduced Mrs A and her husband to a builder who I'll refer to as D.

Ultimately, Mrs A and her husband signed a contract with a company I'll refer to as C, for the work to be completed on their property. S said he would oversee the work, arrange purchasing and oversee paying the labourers. Mrs A says they had a fixed price contract for £400,000.

S asked for £100,000 as an upfront payment for building materials and told them they wouldn't have to pay anything further for the first four months. However, within two weeks of making the payment, S was demanding more money and said the work would stop if they didn't pay it immediately. Mrs A says they paid around £6,000 per week in cash to S. Mrs A made 34 cash withdrawals from her Lloyds account between 13 May 2022 and 18 August 2022, which form the basis of this complaint.

Work commenced in July 2022. Mrs A says demolition was carried out with the vast majority of the roof taken out, internal walls demolished as well as ceilings and floors. After the demolition had been completed, Mrs A says S asked for £465,000 to complete the work.

In September 2022, Mrs A terminated the contract with C. Mrs A says S didn't provide the requested breakdowns on how the £100,000 was used. Also, S told Mrs A that he had paid an electrician £15,000, whereas the electrician said he'd only received £2,000. There were also discrepancies regarding money paid to the plumber and costs associated with rubbish removal and scaffolding. Also, while £10,000 was paid for the purchase of wood, D says only £1,000 of wood was delivered to the site. Mrs A set out her concerns in writing to S, saying there was a discrepancy of £50,000 between what they paid to S and what he put towards building costs. They asked S to refund them.

Mrs A says that S threatened to remove the props supporting the walls of the property.

Mrs A believes she were the victim of a scam and contacted Trading Standards, the police and Action Fraud. She also raised a fraud claim with Lloyds through a professional representative.

Lloyds declined to refund Mrs A saying she has a civil dispute with S and C.

Mrs A wasn't happy with Lloyds' response, so she brought a complaint to our service.

An investigator looked into Mrs A's complaint but didn't uphold it. The investigator agreed with Lloyds that Mrs A has a civil dispute with C and S. The investigator wasn't satisfied that Lloyds would've had any concerns if they intervened.

Mrs A disagreed with the investigator's opinion and raised the following points:

- S was defrauding them in relation to what he said he'd paid to third parties versus what he actually paid them.
- S intentionally gutted the building to the point of structural collapse before giving them a quote for more than double the initial contract price to put it right.
- S forged D's signature on a deposit receipt.
- S has hidden assets amongst his family.
- S was involved in a previous land banking scam and was disqualified from being a company director as a result.
- Mrs A and her husband have lost everything as a result of S's actions.
- The payments from her Lloyds account were unusual and Lloyds should've protected her.

Mrs A says she has talked to lawyers about recovering her loss through the courts but has been told it's a non-starter as S doesn't have any assets. Also, they can't afford the costs that would be involved in a court case.

Mrs A asked for an ombudsman to review her case.

### **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 really sorry to hear about the significant financial difficulties that Mrs A and her husband have faced as a result of C and S's actions. As well as the serious impact the stress from this situation has had on their health. I realise that Mrs A has ended up significantly out of pocket, but I'm not making a finding on whether C or S owes her money, rather whether Lloyds can fairly be held liable for her loss.

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 Lloyds is 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. It's not in dispute that Mrs A authorised these payments, although she did so not realising that she would suffer a financial loss as a result.

But there is an expectation for Lloyds to be on the lookout for, and to protect its customers from, potentially falling victim to fraud or scams. This includes monitoring accounts and identifying suspicious activity that appears out of character. Where potential fraud is identified, I would expect Lloyds to intervene and attempt to prevent losses for the customer.

Lloyds also has a duty to exercise reasonable skill and care, pay due regard to the interest of its customers and to follow good industry practice to keep customers' accounts safe.

Lloyds say most of the cash withdrawals were made at ATMs, so there wasn't any interaction with Lloyds staff. The cash withdrawals that were completed in branch didn't raise any concerns for Lloyds so didn't they ask Mrs A questions about the purpose of the withdrawals.

Based on the high volume and frequency of the cash withdrawals compared to Mrs A previous account activity, I would've expected Lloyds to have intervened and asked questions about the withdrawals. However, just because Lloyds didn't intervene when I think they should've, doesn't mean that Mrs A is entitled to a refund. I have to decide whether that intervention would've more likely than not stopped Mrs A from making the withdrawals and prevented her loss.

In this case, I'm not satisfied that intervention would've prevented Mrs A's loss. I say this because S had built a friendship with her husband, so Mrs A trusted him at the time she made the withdrawals. Also, the quote they received from C, was in line with another quote they had received for the same job. And Mrs A and her husband say they spoke to a previous client of D's and were provided with pictures of work he's completed. Also, based on the online messages between Mrs A, S and D. Mrs A was still happy with the progress and the work completed on 23 August 2022, which is after the last cash withdrawal she made from this account. I can see that she had some concerns about the insurance, but there doesn't appear to be any serious concerns.

So, even if Lloyds had had concerns and blocked Mrs A's account, I think it's more likely than not Mrs A would've continued giving money to S in order for the building work to continue. I'm not satisfied that I can fairly conclude that Lloyds intervention or concerns would've prevented Mrs A from providing this money to S or prevented her loss.

I'm really sorry to disappoint Mrs A but I'm not satisfied that I can fairly ask Lloyds to refund her.

### **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 Mrs A to accept or reject my decision before 16 February 2026.

Lisa Lowe  
**Ombudsman**