

## The complaint

Mr S complains that Lloyds Bank PLC won't refund money he lost when he was a victim of an investment scam.

Mr S is being represented by a person I'll refer to as 'Mr L'.

## What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

Mr S fell victim to a scam that started in 2023. He was contacted on a social media platform by an individual saying their boss was optimistic about the future prospects of the industry Mr S worked in, and that they would like to discuss this further on WhatsApp (which they found a more effective and convenient way to communicate). Mr S was then contacted on WhatsApp by an individual – that I'll refer to as 'N' – that we now know to be a scammer.

Mr S communicated with N over WhatsApp and telephone calls. The communications with N shifted from a professional discussion to that of a more personal nature. And Mr S has said he found himself *"captivated by N's professional charm, intelligence and attention"*. N started to discuss their future together, and Mr S has said he developed strong feelings for her – believing in the sincerity of their connection.

N introduced Mr S to a trading platform – which I'll refer to as 'F' – that she used and received impressive returns from. N persuaded Mr S to try it and guided him through the process, whereby he transferred funds as she instructed. Mr S initially saw positive returns, but when he attempted to withdraw his funds, he was informed by N that he would have to pay tax upfront. After paying the final sum, all communication with N ceased and his account on F's trading platform – which previously showed a significant balance – displayed zero. At this point Mr S realised he'd been scammed.

As part of the scam, Mr S made 10 international transactions totalling about £905,000 between September 2023 and February 2024 – sent to various recipients based in a country I'll refer to as 'C'. The transactions, except for the first for £6,000, ranged between £70,000 and £168,000. To fund this, Mr S has explained he used savings, liquidated existing investments, mortgaged his home, accessed his retirement funds early (incurring penalties) and sold his car.

Mr S complained to Lloyds in July 2024, saying they failed to protect him from the scam – as they didn't detect or respond adequately to significant deviations in his usual account behaviour. He explained that, because of the scam, he was in severe financial hardship, and the matter had caused him immense mental and physical distress. Mr S considered Lloyds hadn't adhered to their legal and regulatory obligations – as a basic review of the transactions would've quickly identified he was acting under duress and could've revealed the underlying manipulation, thereby preventing his loss. Mr S wanted Lloyds to investigate why these transactions were not flagged by their fraud detection systems and refund him his financial loss.

Lloyds didn't uphold the complaint. They said the payments weren't covered by the Contingent Reimbursement Model (CRM) code as it doesn't apply to international transactions. Lloyds also explained how they tried to protect Mr S – which included providing their international payment warning and carrying out additional security checks in branch and via their fraud team. During these conversations, Lloyds said they warned Mr S about making payments by this method and cautioned him about potential scams. And that throughout their interactions Mr S appeared confident and knowledgeable, and they didn't identify any signs of distress. Lloyds added that Mr S's statements remained consistent throughout their discussions it was unclear if he was entirely honest with them. Lloyds also said that they had tried to recover the funds, but this had been unsuccessful.

The complaint was referred to the Financial Ombudsman. Our Investigator didn't think Lloyds was responsible for Mr S's loss, and so he didn't think they had to do anything further. In short, he thought the transactions warranted a human intervention from Lloyds – which they did before processing all of them. Having considered the telephone calls and records of Mr S's interaction with Lloyds's branch staff, he thought Lloyds took appropriate steps to understand the surrounding circumstances of the transactions to identify whether Mr S might be falling victim to a scam – and provided scam warnings tailored to the answers Mr S gave along with the nature of the risk the transactions presented. Unfortunately, due to the influence of N, Mr S didn't answer Lloyds's questions accurately. And he didn't think Lloyds could reasonably have known Mr S wasn't telling them accurate information. Because of this, he didn't think Lloyds could've uncovered the scam, nor did he think it would've been reasonable for Lloyds to have refused to follow Mr S's payment instructions. Our Investigator also didn't think any further questioning from Lloyds would've uncovered the true circumstances surrounding the transactions. And he said there wasn't any realistic prospect of Lloyds recovering the funds due to them being sent internationally, and because of the time between Mr S making the transactions and reporting them.

Mr L disagreed with our Investigator and provided substantive submissions detailing his reasons for this (including a separate submission from a third-party firm). I won't set these out in full here. But, in short, Mr L said:

- Lloyds accepted Mr S's authorisation at face value and performed nothing more than a box-ticking exercise. These transactions, made in less than a six-month period, were significantly out of character for him – as he hadn't made international payments before, and only a single transaction greater than £6,000. And so, he questions at what point is more serious attention warranted along with a wider investigation.
- The lack of a meaningful intervention and investigation is pure negligence by the bank.
- Mr S's explanation of the payments meant that Lloyds believed he had purchased between 90 and 100 heat pumps, along with inverters, but hadn't sold one of them as there hadn't been any income received on the account. This explanation is inconceivable – and Lloyds looked at the transactions in isolation, rather than looking at the cumulative effect of them.
- Mr S said these transactions were for business purposes, and yet several of them went to individuals. And a simple internet search by Lloyds would've uncovered one of the beneficiary addresses as being for a beauty parlour.
- There are obvious inconsistencies in what Mr S told Lloyds in their conversations.
- No evidence of the quotes, invoices or emails Mr S received from the suppliers of the heat pumps or inverters was requested by Lloyds.

- He questions whether it is believable that a person in their 60s could be working part-time from their bedroom in control of a £10,000,000 contract involving a high number of heat pumps and inverters?
- Mr S told Lloyds, at the point of the third transaction, that he had already sold the heat pumps he'd purchased and yet there wasn't any income received on his account. Further investigation by Lloyds at this point would've stopped all future payments.
- The Investigator's view is not aligned with the spirit of the Financial Conduct Authority's (FCA) Consumer Duty, nor the bank's Anti Money Laundering (AML) obligations.
- While Lloyds questioned Mr S before releasing the funds, this doesn't discharge Lloyds of their broader obligations under FCA Principles 6 and 7 to protect customers from foreseeable harm, not their statutory AML and Suspicious Activity Reporting (SAR) duties.
- The pattern of activity – multiple large transfers to new entities based in C – represented clear red flags of criminal typologies. The refusal to consider these obligations is inconsistent with the Financial Services and Markets Act which requires a finding on whether the firm acted 'fairly and reasonably'.
- Had Lloyds adopted a modern behavioural approach – rather than a procedural approach - to each intervention, beginning with an empathetic explicit warning about grooming, being coached to lie and the bank's experience of convincing stories, it is more likely than not the scam would've been disrupted.
- Across ten interventions, Lloyds accepted a polished narrative referencing overseas trade shows, incoterms, technical specifications and named contracts. That fluency should've been treated as an indicator of coaching rather than comfort.
- There was a clear lack of a 'bespoke approach'. And the very existence of such rehearsed responses should've been recognised by Lloyds as a strong indicator of psychological grooming – a central feature of Authorised Push Payment (APP) fraud typologies at that time.
- At no point did Lloyds explain how grooming works, or how skilled criminals coach victims to pass bank's verification processes. Nor did the bank present examples of common manipulative tactics used – such as the fear of missing out. Without this, Mr S couldn't have reasonably understood he was being exploited.
- There can be no doubt that Lloyds's actions were not effective. Lloyds breached their obligations under the Consumer Duty and the Banking: Conduct of Business Sourcebook (BCOBS).
- He referenced various key points from an FCA multi-firm review on combating romance fraud that was published in October 2025.

Our Investigator considered what Mr L had said, but his position remained the same. He accepted these transactions were unusual for Mr S's account. But he didn't agree that Lloyds had simply undertaken a box-ticking exercise. Instead, he thought Lloyds had acted broadly in line with his expectations (including those set by the FCA's Consumer Duty) and were alive to the risk of Mr S being coached by a scammer to lie (as they asked on multiple occasions if anyone had told him to lie, but he was adamant they hadn't and understood the risks of making the payments). Our Investigator wasn't persuaded that Mr S's cover story was inconceivable – as the explanations he provided Lloyds were complex, making it difficult for Lloyds to unpick it. And he delivered his answers in a plausible and persuasive way – coming across knowledgeable, confident and experienced (both in respect of business and conducting it in C). He thought Lloyds questioned Mr S extensively and at every turn he was able to provide persuasive and confident responses which allayed any concerns. So, he didn't think it was unreasonable for Lloyds to conclude Mr S was being honest with them.

Our Investigator didn't think Lloyds staff should reasonably have had a detailed enough understanding of how business is conducted in C, thereby being able to meaningfully challenge Mr S's story and explanation for the payments. Nor did he think it was inconceivable for payments to be made to an individual for legitimate business purposes. And Lloyds ensured Mr S was happy he was sending the funds to the correct beneficiaries, and that he had done adequate due diligence before proceeding. Our Investigator also disagreed with Mr L that Lloyds only looked at each transaction in isolation – as he thought Lloyds did consider previous payments. But he wouldn't reasonably have expected Lloyds to have contact the Ministry of Defence (MoD) or Counter Terrorism Police, as Mr L suggested, in this situation. Nor did he think Mr S's responses to questioning indicated he was under pressure from an external party, or that it was inconceivable that someone might operate a business venture outside of their day job – and here, the scale of the payments appeared proportionate to the underlying business opportunity being presented by Mr S. So, in these circumstances, due to the plausibility of Mr S's story, he didn't think Lloyds ought to have requested evidence of the quotes, invoices or emails.

Ultimately, our Investigator didn't think Mr S was open to being positively impacted by any interaction with Lloyds – including any further questioning or warning they might have provided. He considered Lloyds gave Mr S scam warnings on multiple occasions, including about the scam risks associated with being coached to lie about the true purpose of payments, and it wouldn't be reasonable to have expected Lloyds to have provided warnings directly relevant to Mr S's situation as they weren't aware of the true circumstances. If Mr S had explained what was actually happening, Lloyds could've provided warnings tailored to that scam risk. Sadly, due to Mr S's refusal to answer honestly and engage openly with Lloyds, it would be unfair to hold Lloyds liable for his loss.

Mr L remained in disagreement with our Investigator, and so the matter has been passed to me to decide. In short, Mr L further added:

- He remained of the view that Lloyds hadn't acted in line with the FCA's Consumer Duty – as, while they did something, their interventions failed to adapt to repeated six-figure international payments being made. The interventions weren't effective.
- Lloyds failed to escalate beyond conversational questioning – such as requiring documentary evidence, conducting a fraud specialist meeting or verifying counterparties. And plausibility in a customer's response is a hallmark of sophisticated scams, not evidence that the risk has diminished.
- The Investigator's conclusion that Lloyds couldn't have prevented Mr S's loss because he would've continued to lie is contradictory to two previous decisions issued by the Financial Ombudsman.
- Lloyds asked Mr S binary questions as to whether anyone had told him to lie. But coached victims nearly always deny this when asked. These types of questions are ineffective, and so Lloyds failed to use an effective evidence-based intervention design.
- Document requests and typology-specific education are effective. And the Financial Ombudsman have repeatedly found such steps change outcomes even for coached victims. It is more likely than not, if this happened, the later payments would've been stopped.
- Here, we need to consider what would've happened had Lloyds used tools that are effective at breaking coached narratives – not repeating the same type of questioning. By payments three to five, further escalation should've been triggered by Lloyds (as per the FCA's Consumer Duty and BCOBS).

Before I go on to explain the reasons for the decision I've reached, I want to clarify that I'm only looking at Mr S's complaint here. And so, while I've considered the decisions Mr L has

referenced in support of Mr S's complaint, I won't comment on them specifically as part of my 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 sorry that Mr S has been the victim of a scam. I realise this is a significant amount of money he has lost and I do not underestimate the impact it has had. I sympathise greatly. But just because Mr S is the victim of a scam, it doesn't mean he is automatically entitled to a reimbursement of his funds. I must consider whether Lloyds is responsible for his loss. And while I know Mr S will be disappointed by this outcome, having given everything careful consideration, I don't think they are. It follows that I don't think Lloyds acted unfairly by not refunding the payments. I'll explain why.

Before I do, I want to reassure Mr S that I've considered everything he – and Mr L - has submitted. I know they feel strongly about this matter and that have provided substantial submissions – including reference to various regulatory rules, legislation and codes of practice - to support Mr S's complaint. And so, while I've summarised this complaint in far less detail than what has been provided, I want to stress that no discourtesy is intended by this. If there is a submission I've not addressed; it isn't because I have ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether Lloyds are responsible for any loss Mr S suffered because of the scam.

In broad terms, the starting position in law is that a bank is expected to process payments that their customer authorises them to make. It isn't disputed that Mr S knowingly made the payments from his Lloyds account. And so, I'm satisfied he authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of his account, Lloyds are expected to process the payments, and Mr S is presumed liable for the loss in the first instance.

But, taking into account relevant law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, including the Consumer Duty, I consider it fair and reasonable that Lloyds should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that their customers were at risk of fraud. This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of their products, including the contractual terms, enabled them to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment;
- have been mindful of – among other things – common scam scenarios, how fraudulent practices are evolving (including for example the common use of multi-

stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

Here, Lloyds have shown that they carried out additional checks before processing all the transactions – with conversations taking place in branch and over the telephone with their fraud team. I think this was reasonable in the circumstances as the payment activity was predominantly high value, and greater than what Mr S typically spent on his account. The funds were also being sent internationally, which presents a greater risk of not being recoverable in the event of fraud or a scam, that similarly was out of character for Mr S. Because of this, I think Lloyds had enough reason to suspect Mr S might be at risk of financial harm. I therefore need to decide if Lloyds acted fairly and reasonably in their dealings with Mr S when he made the payments.

At which point, I should explain that for me to find it fair and reasonable that Lloyds should refund Mr S requires more than a finding that Lloyds ought to have intervened. I would need to find not only that Lloyds failed to intervene where, or to the extent, they ought reasonably to have done so - but crucially I'd need to find that but for this failure the subsequent loss would've been avoided. That latter element concerns causation. A proportionate intervention will not always result in the prevention of a payment. And if I find it more likely than not that such a proportionate intervention by Lloyds wouldn't have revealed the payments were part of a fraud or scam, then I couldn't fairly hold Lloyds liable for not having prevented them from being made.

I've therefore thought carefully about whether the checks Lloyds carried out were proportionate to the risk associated with the payments made. These interventions have been set out by our Investigator, and so I won't repeat them in detail here. But while I know Mr S and Mr L disagree, I think the checks were proportionate in the circumstances. This is because:

- I wouldn't expect Lloyds to interrogate their customers about payments they're making. Instead, Lloyds should take steps to better understand the surrounding circumstances of a payment(s), proportionate to the risk it presents, so to allow them to establish if there is a risk of it being made as part of fraud or a scam.
- Lloyds wouldn't have been able to ascertain, from the payees, that the payments were for investment purposes – as they weren't, for example, going to a known investment or crypto firm.
- There is an expectation that customers answer questions from their bank openly and honestly. Sadly, due to the manipulation and coercion of N, Mr S provided inaccurate and misleading information to Lloyds throughout all their interactions. Apart from the first £6,000 payment, in which Mr S explained the payment was to purchase solar panels for his own property, he told Lloyds that the transactions were relating to a business opportunity in C. This involved purchasing equipment such as heat pumps and invertors from various suppliers as part of a large contract he said was worth £10,000,000.
- The 'cover story' Mr S provided was extremely unique and I wouldn't reasonably expect Lloyds staff to have an in-depth knowledge about 'green tech' involving the purchase of heat pumps and invertors internationally. Nor are Lloyds required to protect customers from making bad financial decisions. And so, it wasn't for Lloyds to consider the suitability of the business opportunity or if it was in Mr S's best interest.

Instead, Lloyds should be on the lookout for potential scams and be mindful that their customers could be at risk of falling victim to them. And I think Lloyds did this by asking Mr S open and closed ended questions appropriately, as well as challenging him on what he was telling them.

- Through Lloyds's questioning, Mr S – amongst other things – confirmed:
  - He knew the suppliers he was purchasing the equipment from, having visited their manufacturing sites when he worked in C. And he had met many of the people he was dealing with in person – meeting some, for example, at trade events. He was satisfied they were 'bonafide' companies, and he only dealt with companies based on personal recommendations from people he knew and trusted.
  - He had to pay various suppliers as they offered different specifications of the heat pumps (or other equipment) that he required. And he'd received all the invoices from the firms directly by email, along with all the necessary paperwork, after speaking with them personally.
  - He had considered other payment options, such as documentary credit. But these methods take time and can be difficult to obtain. So, he wanted to avoid delays and pay by fund transfer – although he might consider setting up other payment methods in the future.
  - His very good friend (Dr L) and colleague as part of the £10,000,000 contract was based in C. And, according to Mr S, Dr L was very well connected. So, if he had any issues then he could reach out to Dr L for support.
  - He explained the lead times on the delivery of the equipment – ranging between 8-20 weeks between the different orders, and he was ordering them to ensure he could deliver them in line with his customer's schedules. He had also negotiated for the goods to be delivered under incoterms.

Considering this, I'm not persuaded that Lloyds simply accepted Mr S's authorisation at face value and performed nothing more than 'box-ticking' exercise as Mr L suggested. I'm satisfied that Lloyds took reasonable and proportionate steps to better understand the surrounding circumstances of the payments Mr S was making. They questioned various aspects of the business opportunity to establish the potential risks, and to gauge Mr S's level of understanding of the actions he was taking.

- Mr S spoke confidently throughout his interactions with Lloyds. He didn't show any signs of nervousness or doubt when questioned about the payments he was making. Nor did he sound uncertain or provide any reason for Lloyds to doubt the validity of what he was telling them.

It's unclear what level of detail N provided Mr S on what to say if questioned by his bank. But the cover story he provided was detailed and, seemingly, based on Mr S's own personal experience having worked in C for many years. He explained to Lloyds that he'd been thinking about setting up his own company for the last five to seven years of his career. And, when discussing where the funds originated, Mr S explained that it was from his own UK investments that he'd drawn down as he was expecting greater returns from the business opportunity. Mr S sounded extremely

knowledgeable about the industry and the risks associated with the business venture he was entering.

I realise the amounts Mr S sent were significant in value. But considering the size of the contract Mr S told Lloyds he'd obtained, his personal prior experience working in C and his personal dealings with the companies that were supplying the equipment, I disagree with Mr L's view that Mr S's explanation was inconceivable (both looking at the payments individually and collectively). I consider Mr S's responses to Lloyds's questioning was not only plausible, but it was extremely convincing and believable. And although Mr L has pointed out that Mr S's account hadn't received any funds as part of the venture; despite telling Lloyds he had sold equipment he'd purchased, I don't think this would've given Lloyds enough reason to think Mr S wasn't operating a legitimate business. This is because the funds from any sale might not yet have been received, but even if they had, they might have been held in another account. So, I don't think Lloyds could've reasonably identified Mr S was being scammed simply because of an absence of incoming funds.

I similarly disagree with Mr L that Mr S's responses would've been identifiable by Lloyds as sounding rehearsed, or that he was simply providing a 'polished narrative'. Instead, Mr S's demeanour throughout, along with his comprehensive explanation and responses to questioning, would've reassured Lloyds he was making the payment for legitimate purposes. And so, I don't think Lloyds could reasonably have seen Mr S's behaviour as an indicator of being psychologically groomed or coached at the time. It simply didn't have the common signs associated with those situations.

- I've also considered that Lloyds asked Mr S on several occasions as to whether anyone had contacted him and told him to lie about the reasons for the payment, put him under any pressure to make it or coached him on what to say to answer their questions. Mr S denied any third-party involvement – other than his colleagues that he was working with – or that he was misleading Lloyds in any way. And he was explicit on this as, for example, one occasion he said *"No one has contacted me, no. No, I would never lie to you. You're my bank. No, that is all 'no' to those questions"*.

I understand Mr L has said that asking binary questions like this, rather than explaining how grooming works or the tactics used by scammers to coach their victims to pass bank verification processes, are ineffective. This is because coached victims tend to deny when asked in this way.

While I accept this unfortunately does happen, I'm mindful that Lloyds did – during one of their calls – provide the context of their questioning being based on what they're seeing in a lot of scams. And Lloyds specifically referenced investment scams on this occasion to Mr S – including there being huge investment companies based in C that ask customers to make payments. Despite this, Mr S still denied that anyone was asking him to make that payment for investment reasons, to lie about the reason for the payment or pressurising him into it.

On another occasion, and in the context of a discussion about the risk of falling victim to a scam, Lloyds explained that scammers will – when payments are flagged by the bank – give their victims cover stories so not to give the real reason for the payment. Mr S therefore ought to have understood that if he was being told to lie or withhold the true purpose of the payments he was making, that he could be being scammed.

But again, he denied being put under any pressure or being asked to lie about the payment.

Further to this, when Lloyds said they wanted to make sure it's not a scam, I'm aware that Mr S told them:

*"No no, I've got no girlfriends, I'm not on any dating sites. I've not been approached by any individuals asking for money later on, so I think I'm clear on that one. I come from a defence and security background, so I don't actually like the web. I've been targeted before by [country] activists – using state sponsored algorithms when I worked for [company name] and [company name], so I don't particularly like the internet so I think I'm fairly safe on that route."*

Mr S also spoke candidly about his knowledge of the scale of fraud and scams happening in the UK – providing statistics, explaining how big a problem it is and that he knew there was *"an awful lot of fraud going on"*.

From this, while I accept Lloyds could have arguably set out the methods by which scam victims can be manipulated and groomed in greater detail, it seems Mr S was very alive to the risk. Including a very similar scam scenario to what he was falling victim to that he described himself – that being contacted online and then later asked for money. And so, I'm not persuaded that even if Lloyds had explained how scammers manipulate their victims in greater detail it would've resonated with Mr S – or at least to the extent whereby he wouldn't have proceeded to make the payments. Sadly, I consider he was heavily under N's spell – with Mr S himself acknowledging that he was indeed *"captivated by N's professional charm, intelligence and attention"*. And I think this was to the extent whereby I'm not convinced that Mr S would've been receptive to any warning Lloyds could reasonably have provided.

- Lloyds also made it repeatedly clear to Mr S that, should anything go wrong with the payments, or if it turns out to be a scam, it is very unlikely that they would be able to recover the funds – particularly due them being sent internationally. Mr S acknowledged this and confirmed that he understood the risks associated with making the payments – including that once it's sent, he wouldn't be able to get it back if it turned out to be a scam. For example, he said that in this type of scenario: *"I'll have to write it off as a loss"* and *"once it's gone, trust me, we won't get it back"*.

I'm therefore satisfied Mr S knew and understood the risk that the funds would likely be unrecoverable should the payments turn out to be made to a scam. Despite this, Mr S proceeded to make them.

- I understand Mr L considers Lloyds should've gone further than they did. But considering Mr S's responses and his behaviour throughout, I don't think it was warranted here. I therefore wouldn't reasonably have expected Lloyds to have taken steps beyond what they did as a way of verifying what Mr S was telling them – such as requesting supplier quotes/invoices or conducting a 'fraud specialist meeting'. I would only reasonably expect this in situations whereby there was cause for concern or reason for the bank to suspect the consumer was misleading or providing false information to them, and thereby at risk of financial harm. Ultimately, I don't think Lloyds would've had enough reason to suspect that in these circumstances based on their conversations with Mr S.

But even if Lloyds had requested documentation – such as invoices – to evidence the purchase of the equipment, it's difficult for me to reasonably conclude that this would've uncovered the scam. This is because, considering Mr S's willingness to mislead Lloyds about the true purpose of the payments on multiple occasions, and to the extent whereby he created such a detailed and intricate cover story, then it's plausible that he might have similarly – with the assistance of N – deceived Lloyds by providing such documentation to ensure the payments were processed.

Nevertheless, and as I've said, I wouldn't have reasonably expected Lloyds to have requested it in these circumstances.

- I similarly don't think Lloyds would've have enough reason to research the beneficiaries before processing the payments. Mr S had confirmed he'd carried out his due diligence on the firms he was dealing with, and that he was satisfied he'd done all his checks to ensure they were going to correct bank account (having spoken to relevant persons). And although some of the transactions were being sent to individuals, rather than accounts held in a company's name, I don't think this would've confirmed any potential suspicion of fraudulent activity. This is because business activity can run through personal accounts legitimately.

Considering all of this, I'm satisfied that Lloyds carried out additional checks that were proportionate to the risk associated with the payments – and to the standard I would reasonably have expected in these circumstances when considering their responsibilities (including those set out in the Consumer Duty). I disagree with Mr L's view that there was a lack of meaningful intervention and investigation from the bank. But rather, I'm satisfied they took reasonable steps to establish whether Mr S was at risk of financial harm – tailoring their questions to each payment instruction, while mindful of those that preceded it, and adapting their questioning based on Mr S's responses. Unfortunately, due to Mr S providing inaccurate information – and in the form of a very believable cover story – I don't think Lloyds could reasonably have uncovered the scam through a proportionate intervention.

I'm aware that Mr L has raised concerns regarding Lloyds's failure to adhere to their AML and SAR obligations. But while Lloyds could have done more to satisfy themselves the funds weren't obtained or being used for money laundering purposes, Mr S would've been able to address such concerns in any event – as the funds he used were his own and legitimate. And for similar reasons as I've already explained, I'm not persuaded that Lloyds would've have had enough reason here to suspect that Mr S was making the payments for serious economic crimes – such as money laundering or terrorist financing. Here, as I've said, I think Lloyds were sufficiently reassured by Mr S that he was making them for legitimate business purposes.

I've considered whether, on being alerted to the scam, Lloyds could've done anything more to recover Mr S's losses, but I don't think they could. Mr S didn't report the matter to Lloyds until several months after the last disputed payment. As most funds are removed by scammers immediately upon them being received, the likelihood of recovery was extremely low – particularly as the funds were sent internationally (as the banks aren't required to adhere to UK regulatory obligations). Because of this, I don't think there was any realistic prospect of recovery in these circumstances.

Nevertheless, Lloyds have shown that they opened 'recovery cases' on the payments – but, unfortunately, and as to be expected here, this was unsuccessful. I understand Mr S did question whether Lloyds contacted the receiving banks – as a report he provided in support

of his complaint said that some of the accounts had been closed due to suspected illicit activity. This report however didn't say when the accounts were closed, but it did say the funds were returned to the account holder. So, in any event, there wouldn't have been any funds recoverable. Further to this, the closure of an account doesn't evidence that Lloyds didn't reach out to the receiving bank. I therefore have no reason to consider Lloyds caused any detriment to Mr L in their efforts to recover the funds upon being notified of the scam.

I know Mr S will be disappointed by this outcome. But it would only be fair for me to direct Lloyds to refund his loss if I thought they were responsible – and I'm not persuaded that this is the case. For the above reasons, I think Lloyds has acted fairly and so I'm not going to tell them to do anything further.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 February 2026.

Daniel O'Dell  
**Ombudsman**