

The complaint

Ms P complains that Lloyds Bank PLC ('Lloyds') won't refund transactions she made with her credit card.

For completeness and in setting out the background of what's happened here in full, I note there is another complaint with our service in respect of a further £3,500 loss as part of the same set of circumstances. This payment was made from a different credit card account Ms P held with a different bank.

I also note that a further £41,000 loss has been considered by our service which was made as part of the same circumstances but that this complaint has been closed following an assessment by one of our Investigators. While I might refer to these payments in order to set out what happened here, I make no findings as to the closed complaint or the £3,500 credit card loss as this is being considered under a separate complaint with our service.

What happened

Ms P made payments towards an investment into the development of a holiday lodge park with a company I'll refer to as 'B'. Ms P invested a total of £54,950.

Ms P made credit card payments in December 2021 and January 2022, totalling £1,670 from her Lloyds credit card account. In January 2022, Ms P also paid £3,500 from an account she held with a different credit card provider. The payments of £1,000 in December 2021 and £670 in January 2022, made using her Lloyds credit card are the payments being considered under this complaint. A further £41,000 was sent via faster payments from an account she held with a different banking provider.

Ms P was told the investment would see an annual return of 9% and she'd receive a quarterly return of around £1,236. After making the payments, Ms P received a registration of Title, a plot certificate and a contract of agreement.

Ms P says the land and the lodge don't exist except on paper.

Ms P sought a refund of her funds from Lloyds under the Contingent Reimbursement Model Code ('CRM Code') and 'Section 75' of the Consumer Credit Act ('CCA'). Lloyds looked into the matter but declined to refund the money Ms P had lost. Lloyds said for a claim to be reviewed under Section 75 of the CCA, the goods/service must cost over £100 but not over £30,000 for a single item. As the single item purchased was £54,950, Section 75 doesn't apply. It added that Ms P confirmed she'd received quarterly payments for two years in relation to the lodge purchased, and therefore it considers the agreement as an investment which doesn't meet the criteria for Section 75.

Unhappy, she brought the complaint to our service.

One of our Investigator's looked into things but didn't think the complaint should be upheld. In brief, she said;

- The payments were made using Ms P's credit card which she authorised.
- She didn't think she could say with any degree of certainty that B was operating a scam at the time Ms P made the payments. So, it followed that she didn't think Lloyds had acted unfairly or unreasonably by not intervening to ask questions about the transactions before they were made.
- The payments Ms P made weren't covered by the CRM Code as the CRM Code doesn't cover debit or credit card payments.
- She explained the credit card payments weren't covered by Section 75 of the CCA because the overall investment amount of £54,950 exceeded the financial limits that apply. And she added that a chargeback claim wouldn't be eligible because the payments were made to a legitimate merchant at the time and so the service was provided.
- She added that as Ms P made the payments via her Lloyds credit card, even in the event that materially new evidence comes to light, there wouldn't be any further way to recover the money she's lost.

Ms P disagreed with our Investigator. Ms P said our Investigator initially told her that where new evidence to support the case became available, she'd be able to re-open the case, but has since stated that this cannot happen. Ms P wished for the case to be progressed to the next stage of our process, on the basis that never being able to reopen the case was unfair and bias.

I issued a provisional decision on this case on 15 December 2025, setting out why I didn't think the complaint should be upheld. In summary, having considered all the available evidence and arguments, I wasn't persuaded Ms P had fallen victim to an APP scam. I also considered whether there was any other basis for which Lloyds ought fairly and reasonably to reimburse Ms P for the payments she made using her credit card, but I didn't find Lloyds ought to be held responsible for reimbursing the payments to Ms P.

Lloyds replied to say it accepted the decision and had nothing further to add. Ms P hasn't responded.

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 my provisional decision I explained the following:

“Having done so, I'm not intending to uphold this complaint. I do recognise how disappointing this will be for Ms P, and whilst I'm sorry to hear of what's happened, I don't think I can fairly ask Lloyds to reimburse the money she's lost. I will now set out my reasons why.

I would like to say at the outset that I have summarised this complaint in far less detail than the parties involved. I want to stress that no discourtesy is intended by this. If there is a submission I have not addressed, it is not because I have ignored the point. It is simply because my findings focus on what I consider to be the central issues in this complaint. Lloyds was a signatory of the CRM Code, which requires firms to reimburse customers who have been the victims of APP scams, in all but a limited number of circumstances. However, the CRM Code does not cover debit or credit card payments, which is how Ms P made her payments of £1,000 and £670.

Our Investigator within her assessment and subsequent communication set out in detail why she didn't think the current evidence showed Ms P had fallen victim to an APP scam. Based

on everything I've seen and been told, I'm in agreement with this for much of the same reasons.

In order to determine if Ms P has been the victim of a scam, I have to consider if her intended purpose for the payments were legitimate, whether the intended purposes she and the company she paid were broadly aligned and, if not, whether this was the result of dishonest deception on the part of the company – B. From everything I've seen and been told, I'm persuaded Ms P understood she was investing in the development of a holiday lodge park –which involved the development of the holiday site and, that in return for her investment she expected to receive annual and quarterly returns. From what I've seen I have no doubt that Ms P believed this to be a legitimate venture.

In turn, I've then thought about what purposes B had in mind for the payments it obtained from Ms P and whether these purposes were in line with the purpose Ms P had believed, or instead, if they were in fact fraudulent. In considering the purposes B and its linked companies had in mind, I've taken into account the following key information;

- *B and linked companies owned sites and either had, or sought, planning permission to build and develop holiday homes on these sites. This suggests that there was a genuine intention of B and those other companies to build and/or develop the sites.*
- *The evidence available doesn't demonstrate that investors' funds were obtained fraudulently or solely for the personal benefit of the directors. I've been provided with no evidence to show that the funds weren't, in the main, used for business purposes.*
- *B had formed relationships with other companies, seemingly with the intention of carrying out the development, each of which had been incorporated in the years prior to Ms P's investment.*
- *A number of lodges had been installed, which were being let as intended and had received positive online reviews.*

It's clear that there are large and complex ongoing investigations by both the administrators of the companies involved as well as the Police. I'm also aware that these investigations haven't yet drawn definitive conclusions as to whether the companies, or their directors, have acted fraudulently. For completeness, I should state that fraudulent activity by the companies or their directors may not automatically mean that Ms P's payments would then meet the definition of an APP scam, given any given activity found to be fraudulent may be unrelated to the purposes for which investors' funds were obtained and instead relate to other activities carried out by the companies.

To find that B was operating a criminal scam, I'd need to find that there is convincing evidence to show that fraud and criminality is the most likely explanation not one of a range of possibilities.

Whilst I have every sympathy for Ms P as she has lost a substantial amount of money, I have to keep in mind that many businesses and investments fail and enter administration for genuine reasons, and not because they were set up to defraud and scam people. Based on what we've seen and been told, I can't say that an APP scam is a more likely explanation.

In this case, Ms P made payments toward a holiday lodge scheme that was purporting to develop the site and rent a lodge. The evidence I've seen doesn't sufficiently demonstrate that B didn't have the intention of carrying out and completing the developments and rentals at the time of the payments. Because of this, I'm not persuaded Ms P has fallen victim to an APP scam.

I've now turned my attention to what I consider to be the central issue in this complaint - that being whether there is any basis for which Lloyds ought fairly and reasonably to reimburse

Ms P for the payments she made using her credit card.

In this case, Ms P made the two payments in dispute using her credit card and so the CRM Code doesn't apply. This is because the payments are not classed as 'push payments' (i.e. payment transfers). With this in mind, I will turn my attention to whether there are any other grounds in which I think Lloyds ought to reimburse Ms P the money she's lost.

Prevention

Although banks have obligations to be alert to fraud and scams, there is no obligation to protect against bad bargains or to provide investment advice. So, as I'm not sufficiently persuaded B was operating a scam, I can't reasonably say Lloyds had obligations to intervene in the payments Ms P made before they were sent. This means I can't reasonably uphold this complaint on the basis that Lloyds failed to prevent Ms P's payments.

However, for completeness, I think it helpful to set out that even if I were to conclude Ms P had fallen victim to an APP scam here (which is not a finding I've made), that I still wouldn't have recommended this complaint be upheld. I say this because, it is not in dispute that Ms P authorised the credit card payments in this matter. Lloyds would generally be expected to process payments a customer authorises it to make. And under The Payment Services Regulations and the terms and conditions of the account, Ms P is presumed liable for the loss in the first instance, in circumstances where she authorised the payments. That said, as a matter of good industry practice Lloyds should have taken proactive steps to identify and help prevent transactions – particularly sufficiently unusual, uncharacteristic or suspicious transactions – that could involve fraud or be the result of a scam. However, there are many payments made by customers each day and it's not realistic or reasonable to expect a bank to stop and check every payment instruction. There's a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments.

I've thought about the payments Ms P made, and I'm not persuaded the payments for £1,000 and £670 were that unusual that they ought to have caused Lloyds concern that she might be at risk of financial harm from fraud. The payments made were low in value (although I acknowledge this is a lot of money to Ms P) and, the payments weren't made in quick succession – with there being weeks' between the first and second payment being made to B.

Further, this is not a case where I'm persuaded it's more likely than not that any intervention from Lloyds would've prevented Ms P from proceeding with the payments at the time. I say this because, given what she knew about B at the time and based on what she likely would've explained about the payments and her dealings with B at the time – I don't find I can fairly say Lloyds could've prevented Ms P's loss at the time.

So, I don't find Lloyds did anything wrong by processing the payments Ms P asked it to make.

Recovery

Lloyds was unable to attempt a recovery of Ms P's funds via Section 75 of the CCA. This is because the circumstances of the payments Ms P made did not meet all the Section 75 requirements. Whilst there are various requirements that need to be met for a successful Section 75 claim, I don't intend to address all of these here. I'm satisfied a Section 75 claim wouldn't have been applicable in the circumstances here because, one of the requirements includes the need for the cash price of each item disputed to be more than £100 and less than £30,000. Ms P's investment was for the amount of £54,950 – as shown within the

agreement and offer and deposit receipt. As this exceeds the amount of the Section 75 requirement, it is this aspect that causes Ms P's claim to fail under Section 75.

I've also thought about Section 56 of the CCA, which says that any negotiations between the borrower and the supplier are deemed to have been conducted by the supplier as an agent of the credit provider.

For the purpose of this decision, I've used the definition of a misrepresentation as being an untrue statement of fact or law made by one party (or their agent) to a second party which induces that second party to enter the contract, thereby causing them loss.

Looking at the documentation Ms P received – the agreement, the offer and deposit receipt, alongside all the other information provided, on balance, I can't safely say there was clear misrepresentation at the time of sale. I say this because, the agreement says that investors will be provided with a lodge plot deed and ownership certificate, which Ms P has shown she received. I'm also mindful that the agreement refers to annual quarterly payments, which I can see Ms P in correspondence with Lloyds shared that quarterly payments were received for two years. Beyond this, I've not seen any other persuasive evidence that shows Ms P was induced into the contract that turned out to be untrue.

Further, I'm also not persuaded, in the circumstances of this case, that Lloyds ought to have done more to pursue a chargeback claim. I'll explain why.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder. Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. There are also strict time limits that apply.

Ms P made two payments from her Lloyds credit card account towards the property development scheme (development of a holiday lodge park with B) in December 2021 and January 2022. The timeframe for chargebacks is set by the card scheme, (in this case Mastercard), and not the card issuer (Lloyds). And the timeframe under the Mastercard scheme is 120 days. By the time Ms P raised the matter with Lloyds, it was outside of this timeframe. There are also circumstances where this timeframe might be extended to 540 days but given when Ms P raised the matter the extended timeframe to raise a chargeback claim had also passed.

So, whilst our service would consider it good practice for a business to raise a chargeback if there was reasonable prospect of success – in this case the dispute was raised outside of the strict time limits that apply.

Even if I were to consider that Lloyds raised a chargeback dispute, I don't think it is more likely than not that this would've succeeded. Given the complexity of the dispute in this case – where there more likely than not would've been testimony on both sides, I think it would've been difficult for the card scheme to have adjudicated on this dispute. The card scheme, even where a dispute goes onto arbitration wouldn't have had the same powers to call on expert witnesses – like the courts would do. So, on balance, I'm not persuaded a chargeback claim likely would've been successful in the specific circumstances of this particular case.

For the reasons I've explained above, it follows that I'm not minded to find Lloyds has done anything wrong. I don't think Lloyds ought to fairly be held responsible for reimbursing the payments Ms P made using her Lloyds credit card.

I'm aware Ms P is unhappy that our Investigator changed her stance in relation to whether she would be able to pursue her case with our service, should new material evidence come to light about B (following the on-going investigations). Whilst I recognise that this might have caused Ms P some confusion and frustration – for which I sympathise with – this doesn't mean the stance our Investigator clarified isn't correct. For the reasons I've set out above, I can't fairly and reasonably say there are any grounds on which Lloyds ought to reimburse Ms P the two payments she made using her Lloyds credit card. This remains unchanged even in the event that new information later comes to light that indicates B was not operating legitimately. This is because any new information will not have a bearing on the considerations I've explained above".

Lloyds responded to say it accepted the findings set out in the provisional decision and that it had nothing further to add. Ms P didn't respond or add any additional comments. In light that no new evidence or arguments have been made for me to consider, I see no reason to depart from the conclusions set out in my provisional decision (copied above).

Overall, for the reasons set out here and in my provisional decision, I don't find Lloyds has acted wrongly. It follows that I don't think Lloyds ought to fairly be held responsible for reimbursing the payments Ms P made using her Lloyds credit card.

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 Ms P to accept or reject my decision before 11 February 2026.

Staci Rowland
Ombudsman