

## The complaint

Miss A complains that Lloyds Bank Plc ('Lloyds') did not reimburse the funds she says she lost to a scam.

## What happened

Miss A says she was introduced to an investment opportunity by an unregulated advisor. The investment was in the development of holiday lodges which would eventually be rented out to generate revenue. I'll refer to the company that provided the investment as "B". Miss A spoke with the director of B, read brochures she was sent and researched B online as well as reviewing B's website.

Miss A and her niece were jointly investing and both signed an agreement to invest in a plot that included one of the lodges being developed. Miss A expected to receive quarterly returns on the amount invested, with B buying back the lodge after a fixed term of five years. Miss A and her niece split the cost of the investment equally and Miss A paid a total of £42,155 to B on 26 April 2023 from her account with Lloyds.

Miss A and her niece received quarterly returns as expected until 2024 and received a total of £6,324.01. Miss A and her niece split the returns equally, so Miss A received £3,162, meaning her total remaining loss is £38,993.

Miss A now feels she has been the victim of a scam. Miss A says that B stopped paying out, stopped communicating with her, went into administration and is now being investigated for fraud.

Miss A first raised the issue with Lloyds in December 2024, via a professional representative. Lloyds issued a response saying that the payment wasn't covered by the Contingent Reimbursement Model Code ('CRM Code') because it was a debit card payment. Lloyds also confirmed that it was out of time to raise a card dispute and as such wouldn't be reimbursing Miss A.

Miss A disagreed with the outcome and brought the complaint to our service. Via her professional representatives, Miss A said that this was a scam and not a civil dispute and gave several reasons why. Miss A has said she should be refunded under the provisions of the CRM Code.

One of our Investigators reviewed the complaint. They explained that based on what is known about B and the other companies involved in the development project, there was not currently enough to conclude this was a scam as set out in the CRM Code. Our Investigator felt it was reasonable for Lloyds to say the CRM Code didn't apply.

Miss A disagreed with the findings and raised a number of points in response. Miss A's professional representatives have said there are themes suggesting this was a scam from the outset.

As an informal agreement could not be reached, the complaint has been passed to me to make a decision.

I sent Miss A and Lloyds a provisional decision on 17 December 2025, setting out why I didn't intend to uphold the complaint. In my provisional decision I said the following:

*“It isn't in dispute that Miss A authorised the payment of £42,155. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that Miss A is liable for the transaction. But she says that she has been the victim of an authorised push payment (APP) scam.*

*Lloyds was signed up to the voluntary CRM Code, which provides additional protection to scam victims. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances). But the CRM Code only applies if the definition of an APP scam, as set out in it, is met. I have set this definition out below:*

*“...a transfer of funds executed across Faster Payments, CHAPS or an internal book transfer, authorised by a Customer...”*

*I've therefore considered whether the payment Miss A made to B falls under the scope of the CRM Code as set out above, and whether Lloyds was wrong in reaching the conclusion that the payment wasn't covered by the CRM Code. Having done so, I don't think the evidence shows Lloyds was wrong to reach that outcome. I'll explain why in more detail.*

#### *The type of payment Miss A made*

*As explained above, when Lloyds issued its response to the claim, it said the payment Miss A made to B was a debit card payment – not that this was a civil dispute – and that's why the CRM Code didn't apply.*

*The evidence I've seen suggests that the payment was indeed a debit card payment and that's how it shows on Miss A's bank statement. This means the payment wasn't a transfer of funds executed across Faster Payments, CHAPS or an internal book transfer and therefore the payment doesn't meet the CRM Code definition of an APP scam. As such, the CRM Code doesn't apply to the payment Miss A made – regardless of whether what happened was as a result of a scam or not.*

*With this in mind, I don't think it was unfair that Lloyds concluded it didn't need to reimburse Miss A under the provisions of the CRM Code.*

#### *Should Lloyds have done anything else to prevent the loss?*

*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.*

*The starting position at law is that banks such as Lloyds are 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.*

*In accordance with the law, regulations and good industry practice, Lloyds should have been on the look-out for, and protect its customers against the risk of fraud and scams. If the bank does identify a fraud risk, it should intervene before releasing the payment.*

*Lloyds has said it wasn't concerned about the payment at the time and didn't think it would have made a difference if it had intervened. Having reviewed Miss A's statements, I do think the payment should have triggered Lloyds's fraud detection systems - prompting it to intervene before releasing the transaction. I think a proportionate intervention would have been for Lloyds to speak to Miss A and ask her questions to narrow down the scam risk and provide appropriate warnings based on her answers.*

*But, even if Lloyds had discussed the payment with Miss A prior to its release, I'm not persuaded that the information she'd have presented would've suggested that she might be at risk of financial harm. This is based on the information available about B at the time - B was a registered company, Miss A had seen professional looking literature and signed a formal agreement and there was nothing in the public domain at the time to suggest Lloyds should have been concerned that Miss A might be falling victim to a scam. I also note that it's still in dispute now, years later, whether B was operating as a scam or not. So for the reasons above, I don't think Lloyds could reasonably have prevented Miss A's loss.*

#### Recovery of funds

*I've considered whether Lloyds did what it could to recover the funds Miss A lost after she reported the matter to it. Because it was a debit card payment, the only option Lloyds had to recover Miss A's funds was via a Chargeback claim. Chargeback is a voluntary scheme and banks are under no formal obligation to raise a claim and the rules are set by the card scheme.*

*Lloyds has provided evidence that Miss A called on 31 August 2024 to ask about her options because she'd just found out that B were going out of business. Miss A was having connection issues during the call as she was calling from abroad. And while Miss A was able to provide details about the payment and what it was for, there was a problem with identifying the payment because it was made using a previous card number to the one Miss A had at the time of the call. The call ended unexpectedly before the payment could be fully identified. Before the call ended Miss A was advised it would be best for her to go into branch when she was back from her trip to sort out the issue. Lloyds has said there's no evidence that Miss A called back or visited a branch afterward. The next time Miss A raised the claim with Lloyds was in December 2024 – which was outside of the maximum time limit to raise a Chargeback claim.*

*I would only expect Lloyds to have raised a Chargeback if there was a reasonable prospect it would succeed. Considering it wasn't able to identify the payment during the call with Miss A, and Miss A doesn't appear to have followed up with Lloyds as recommended, on balance I don't think it was unreasonable that Lloyds didn't take any further action at the time. Without being able to identify the payment in dispute, there wouldn't have been a reasonable prospect of the Chargeback succeeding. Similarly, by the time the claim was fully raised with Lloyds in December 2024, it was outside of the maximum possible time limit to raise a Chargeback claim.*

#### Summary

*I am very sorry for the situation Miss A now finds herself in, and I don't underestimate the importance of the money she's lost. But taking all the above points together, I do not find that*

*Lloyds has done anything wrong in the circumstances of the complaint. For these reasons I'm currently minded not to require Lloyds do anything more. In my judgment, this is a fair and reasonable outcome in the circumstances of this complaint."*

I said I'd consider anything further Miss A and Lloyds submitted following the provisional decision.

### **Responses to my provisional decision**

Lloyds responded to my provisional decision and confirmed it had no further comments to make.

Miss A responded to my provisional decision through her professional representative and said that our service was aware that it was waiting for more information to show what happened to the majority of investors' money. It also provided evidence from the police that confirms more suspects have been arrested.

Miss A's professional representative says that this information should be considered alongside other indicators that B was operating as a scam

### **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 have considered this additional information, but it doesn't change my decision.

In my provisional decision I didn't comment on whether or not what had happened was a scam or not. The available evidence shows that the payment in dispute was a debit card payment Miss A made to B. Debit card payments are not covered by the Contingent Reimbursement Model Code (CRM Code). As such, I concluded that it wasn't unfair for Lloyds to decline to reimburse Miss A under the provisions of the CRM Code. Whether or not a scam occurred isn't the relevant consideration as to whether the CRM Code applies in the circumstances of Miss A's complaint.

In my provisional decision I also carefully considered what actions I thought Lloyds should have taken at the time of the payment and after Miss A raised the claim with it. The new information I've been provided with doesn't change my decision on those parts of the outcome either because the outcome didn't rely on whether or not a scam had taken place.

I am very sorry for the situation Miss A has found herself in, and I recognise she has lost a lot of money. But for the same reasons I explained in my provisional decision, I do not find that Lloyds has done anything wrong in the circumstances of the complaint.

As such, I still think the conclusion I set out in my provisional decision is correct, and I don't think it would be fair and reasonable to hold Lloyds liable for Miss A's loss.

### **My final decision**

For the reasons set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 12 February 2026.

Mike Southgate  
**Ombudsman**