

The complaint

Mr and Mrs M complain that Lloyds Bank PLC hasn't reimbursed all the money they lost to a scam.

What happened

Mr and Mrs M lost money to an investment they made in 2020.

In 2023, a scammer contacted Mr and Mrs M and told them that the money they'd lost to the investment could be recovered for a fee. As part of the scam, Mr and Mrs M instructed the following faster payments, to what they believed were escrow accounts, from their jointly held accounts with Lloyds:

Payment number	Date	Amount	Payee number
1	24 November 2023	£500	1
2	27 November 2023	£1,000	1
3	28 November 2023	£900	1
4	30 November 2023	£1,050	2
5	1 December 2023	£800	3
6	5 December 2023	£1,340	3
7	6 December 2023	£1,707.85	3
8	11 December 2023	£2,550	3
9	12 December 2023	£1,250	4

Lloyds brought the scam to a halt with an intervention it carried out on another payment Mr and Mrs M attempted to make to the scam on 13 December 2023.

Lloyds has recovered £1,739.56 from the receiving accounts and returned it to Mr and Mrs M, and the bank has reimbursed £5,288.29 of their remaining loss. As it stands, Mr and Mrs M's financial loss to the scam is £4,070.

Our investigator has considered this complaint and reached the conclusion that Lloyds has already done enough to resolve it. As Mr and Mrs M do not agree, the complaint has now been passed to me to decide.

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.

Lloyds signed up to the Lending Standards Board's Contingent Reimbursement Model ('CRM Code') and it was in force when the disputed payments were made. The CRM Code requires firms to reimburse customers who have been the victims of Authorised Push Payment scams, like the one Mr and Mrs M have fallen victim to, in all but a limited number of circumstances. Lloyds has argued that one of the exceptions to reimbursement applies in this case. It says that Mr and Mrs M made the disputed payments without a reasonable basis for belief that the payee was the person they were expecting to pay, the payments were for genuine goods or services and/or the person or business they were transacting with was legitimate.

In thinking about whether Mr and Mrs M had a reasonable basis for belief, I've considered what steps they took to reassure themselves about the legitimacy of the transactions, and whether it was reasonable for them to proceed with the disputed payments. Overall, I don't think I can reasonably conclude that Mr and Mrs M had a reasonable basis for belief on this occasion. I've noted their testimony that the scammer was convincing and well-spoken, but I think there are several concerning factors here, such as: they were told to mislead their bank about what they were doing if it intervened, they weren't provided with any paperwork for the service they thought they were paying for, they were asked to pay several different individuals' accounts rather than a company account, and the fees they were asked to pay were high in comparison to the money they lost to their 2020 investment. Mr and Mrs M do not appear to have carried out any substantial checks before handing money over, and I don't think that was reasonable. They could, for example, have verified the company they thought they were dealing with and checked the individual they were speaking to worked for the company.

As I'm not persuaded that Mr and Mrs M had a reasonable basis for belief, the most I would direct Lloyds to reimburse of their total financial loss to the scam (the disputed payments less any funds recovered) is 50% under the provisions of the CRM Code. Half of Mr and Mrs M's total financial loss is £4,679.15. So, Lloyds has already reimbursed a higher amount than it could potentially be held liable for under the CRM Code, and I don't consider it would be fair or reasonable to direct it to reimburse more at this stage.

Looking beyond the CRM Code, at a firm's responsibilities to protect customers from financial harm from fraud, I note that Lloyds' fraud detection systems were triggered by payment number 9. I wouldn't have expected Lloyds to have identified a fraud risk earlier in the scam because the disputed payments are broadly in line with Mr and Mrs M's usual account activity, and I can't see that there's anything else unusual or suspicious about the disputed payments that would lead me to conclude that Lloyds ought to have been alerted to the possibility that fraud was underway.

Ultimately, although Lloyds let payment number 9 go, it has now been recovered/refunded in full, and Lloyds intervened effectively and brought the scam to a halt afterwards.

I've seen that Lloyds could've attempted to recover payment numbers 1 to 3 sooner than it did but, given that the scam wasn't uncovered until a few weeks after those payments had been instructed, and Lloyds was unable to recover the earlier payments to the scam that came after them in November/early December 2023, I think the prospect of recovery would've been very unlikely.

In conclusion, I am satisfied that Lloyds has already done enough to resolve Mr and Mrs M's

complaint, and I will not be directing it to take any further action.

My final decision

For the reasons I've explained, 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 M and Mrs M to accept or reject my decision before 4 March 2026.

Kyley Hanson
Ombudsman