

The complaint

Mr B complains that Lloyds Bank PLC (“Lloyds”) hasn’t protected him from losing money to a scam.

What happened

The background to this complaint is well known to both parties, so I won’t repeat everything here. In brief summary, Mr B has explained that in March and April 2025 he made a number of payments from his Lloyds account for what he thought was a legitimate investment. Mr B subsequently realised he’d been scammed and got in touch with Lloyds. Ultimately, Lloyds didn’t reimburse Mr B’s lost funds, and Mr B referred his complaint about Lloyds to us. As our Investigator couldn’t resolve the matter informally, the case has been passed to me for a 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.

Having done so, I’ve decided to not uphold Mr B’s complaint for materially the same reasons as our Investigator.

I’m very aware that I’ve summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I’ve focused on what I think is the heart of the matter. If there’s something I’ve not mentioned, it isn’t because I’ve ignored it – I haven’t. I’m satisfied I don’t need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this, reflecting the informal nature of our service as a free alternative to the courts.

I don’t doubt Mr B has been the victim of a cruel scam here. He has my heartfelt sympathy. Ultimately, however, Mr B has suffered his loss because of fraudsters, and this doesn’t automatically entitle him to a refund from Lloyds. The Payment Systems Regulator’s APP scam reimbursement rules introduced on 7 October 2024 and the Contingent Reimbursement Model introduced in 2019 don’t apply to the types of payments made in this case. So these reimbursement models don’t apply here. Still, there are other various and longstanding expectations of payment service providers like Lloyds to be alert to fraud and scams and to act in their customers’ best interests. But it would only be fair for me to tell Lloyds to reimburse Mr B his loss (or part of it) if I thought Lloyds reasonably ought to have prevented the payments (or some of them) in the first place, or Lloyds unreasonably hindered recovery of the funds after the payments had been made; and if I was satisfied, overall, this was a fair and reasonable outcome.

I’m satisfied Mr B authorised the relevant payments. 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, Mr B is presumed liable for the loss in the first instance, in circumstances where he 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 or uncharacteristic 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 Lloyds 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 (allowing customers ready access to their funds).

In this case, however, I'm aware that Mr B made payments as a result of this scam not just from his Lloyds account, but also from an account he held with a third-party payment service provider I'll call Bank R. And both Lloyds and Bank R did intervene in at least some of the transactions Mr B instructed from these accounts. Our Investigator went into some detail around this, and there's no need for me to repeat everything here. Like our Investigator, I'm satisfied from the nature of these interventions from Lloyds and Bank R that Mr B was warned that he could be falling victim to a scam. Mr B's representative has suggested that whilst Mr B may have been coached, there's nothing to suggest he would have deployed the coaching when discussing things with Lloyds if it had intervened appropriately. However – and again, like our Investigator – I'm not persuaded from what I've seen that Mr B likely would have been prepared to be upfront when asked for the real reasons he was making the payments even if Lloyds had intervened more robustly than it did. The nature of Mr B's interactions with Lloyds and Bank R and his WhatsApp chats with the scammer(s) at the relevant time persuade me that he was likely under the spell of the scam and the scammer(s) such that he would have been intent on making these payments and saying whatever he needed to get them made. I also think that even if Lloyds had intervened further than it did, this unfortunately likely wouldn't have made a difference. I therefore can't fairly say Lloyds unreasonably failed to prevent Mr B's payments.

I also wouldn't reasonably expect Lloyds to have been able to recover Mr B's lost funds in the particular circumstances of this case, given that by the time he told Lloyds he'd been scammed, the funds had already been moved on from their original destination to the scammers and lost that way. In these circumstances, I can't see any way in which I could reasonably hold Lloyds responsible for Mr B's funds not having been recovered.

I'm sorry Mr B was scammed and lost this money, and I've carefully considered everything he and his representative have said. However, despite my natural sympathy, I can't fairly tell Lloyds to reimburse him in circumstances where I'm not persuaded it is the cause of his loss.

My final decision

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 4 March 2026.

Neil Bridge
Ombudsman