

## **The complaint**

A company I'll refer to as M complains that Lloyds Bank Plc have declined to reimburse them for funds that they say they lost to a scam.

They would like to be reimbursed for their losses.

## **What happened**

Between November 2023 and January 2024 M sent three payments totalling £15,000 from their account with Lloyds to an account belonging to a firm who were carrying out some building work. But there were significant issues with the work carried out, and it was not completed. M came to believe they had been defrauded, and contacted Lloyds to ask for reimbursement.

Lloyds declined to reimburse M, saying they didn't believe it was a scam – they said the funds had gone to the person they intended to pay, and work had been carried out. So, they saw this as a civil matter.

M disagreed and referred the complaint to our service, arguing that the builder had previously been convicted for fraud in similar circumstances.

One of our investigators looked into what had happened, but didn't think Lloyds needed to do anything further. She thought it was possible it was a scam, but M didn't meet the criteria for the fraud reimbursement scheme Lloyds were signed up to. She also didn't think Lloyds should have done more to prevent the payments being made.

M disagreed, and as such 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 initial position here that this is a civil dispute, rather than a scam. They've pointed out that some work was completed. But I have noted the information M has sent us about the builder previously having a fraud conviction where the circumstances were similar. So, I'm minded here that it's certainly possible M has fallen victim to a scam here. But ultimately this isn't the key consideration in this case – in any event I'm not persuaded that Lloyds would be liable for refunding M. I appreciate this will be disappointing to M, but I'll explain why.

### **The transactions and the Payment Services Regulations**

The relevant regulations here are the Payment Services Regulations 2017 (PSRs). These broadly say that the primary responsibility for the bank is to carry out legitimate payments instructions as quickly as possible.

In this case it's not disputed that the payments were made by individuals at M with the authority to transact of the account – so Lloyds haven't done anything wrong by processing them. Once a payment transaction is duly authorised there is no requirement under the PSRs for Lloyds to refund M. The starting position here is that M are liable for any losses. But I've also considered what's fair and reasonable in the circumstances, and whether Lloyds should bear some of the losses.

*Should Lloyds have done more to prevent the transactions?*

At the time of the transactions Lloyds were signed up to the Lending Standard Board's Contingent Reimbursement Model (CRM) code. This was a voluntary code, whereby the signatory firms agreed to refund victims of authorised push payment scams, subject to certain conditions.

But the CRM code didn't cover every type of customer the bank had – for business customers the code only covered "micro-enterprises". This is defined as an enterprise with fewer than 10 employees, and either assets or turnover less than €2million.

But here as M had more than 10 employees at the time of the transactions it would not be considered a "micro-enterprise". I've also checked the two years before this, and both sets of accounts also confirm more than 10 employees. So, I'm satisfied M is not consider a micro-enterprise, and so not covered by the CRM scheme, or any of the considerations involved in deciding the outcome of a claim under the code.

Despite this, Lloyds would still have an obligation to monitor accounts and payments transactions for signs of fraud or financial harm. If a particular payment, or sequence of payments, looks particularly egregious or out of place I may expect the bank to intervene, potentially by declining the payment request and asking further questions of the payer. The hope here is that any scam would be discovered.

There is a balance for Lloyds to strike between security and allowing their customers to transact quickly and efficiently. Any intervention would need to be proportionate to the risk involved.

And I also see it as reasonable that Lloyds would expect a business the size of M to have their own systems and controls in place to mitigate any risks from fraud and scams. I'm not persuaded that these three transactions stood out so significantly that Lloyds would reasonably have been expected to intervene.

Looking at the statements, even setting aside regular direct debits and payments that are identifiable for wages or to HMRC, there had regularly been payments of similar or higher values. For example, £7,969.95 in September 2024, and £9,857.50 in October 2024. There are no other indications of fraud, such as a rapid draining of the balance, or multiple rapid payments to new beneficiaries.

I'm not persuaded that the activity should have prompted such a level of concern that Lloyds would reasonably be expected to intervene. Ultimately, I don't see that they've done anything wrong by processing the payments.

*Could Lloyds have done more to recover the payments?*

Initially Lloyds didn't contact the financial business, because they felt this was a civil dispute. But I see it would have been sensible, and as M has found there is some evidence that the recipient had a previous conviction in similar circumstances.

That said, we've confirmed with the receiving financial business that M's funds had already been fully utilised by the time that M reported the scam to Lloyds. So, I'm satisfied that this doesn't make a material difference to the outcome of this complaint.

*Overall*

I don't doubt that this will be disappointing to M but having reviewed the evidence thoroughly I'm not persuaded that Lloyds have been unreasonable in declining to reimburse them for their losses. As such, I'm not asking 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 M to accept or reject my decision before 23 March 2026.

Thom Bennett  
**Ombudsman**