

The complaint

Mr B complains that Lloyds Bank PLC won't refund the full amount of money he says he lost to a scam.

What happened

The background to this complaint is well-known to both parties, so I won't repeat it in detail here. But in summary and based on the submissions of both parties, I understand it to be as follows.

Mr B complains that in 2018 he sent three payments to what he thought were legitimate investments.

Payment one was sent to a different investment to payments two and three. They are being considered together within this complaint.

When Mr B realised he wasn't getting his full investment back, he raised a complaint with Lloyds.

Lloyds looked into the complaint but didn't uphold it. Mr B remained unhappy, so he brought his complaint to our service.

Our investigator looked into the complaint but didn't uphold it. Our investigator didn't think it has been sufficiently evidenced Mr B lost his money to a scam. He also didn't think had Lloyds intervened and spoken to Mr B, that it would have stopped him from making the payments.

As Mr B didn't agree with the investigator's view, the complaint has 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.

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 focussed on what I think is the significant part here. 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. This simply reflects the informal nature of our service as a free alternative to the courts.

I've decided to not uphold this complaint. I'll explain why.

I'm sorry if Mr B lost money but this doesn't automatically entitle him to a refund from Lloyds. It would only be fair for me to tell Lloyds to reimburse Mr B if I thought it reasonably ought to have prevented the payments or it unreasonably hindered recovery of the funds.

Prevention

Banks have various and long-standing obligations to be alert to fraud and scams and to act in their customers' best interests. These are predicated on there having been a fraud or scam. So, a first consideration in determining Lloyds's obligations here would normally be: was Mr B scammed as he alleges?

Here though, I don't think the answer to this question makes a difference to the fair outcome to this complaint. This is because if Mr B wasn't scammed, Lloyds had no obligation to prevent Mr B's payments, and so I couldn't reasonably hold it responsible for not preventing the payments. On the other hand, if Mr B was scammed:

I'm not convinced the payments Mr B made required any intervention by Lloyds. Mr B had made payments of a comparable size and higher leading up to the ones in question here. So, I don't think they would have looked out of line with Mr B's usual account spending and behaviour.

Having said that, I've still gone on to think about whether appropriate intervention or further questions would likely have made a difference. Ultimately, I don't think any intervention by Lloyds would have made a difference or prevented the payments. I say this because when Mr B made the payments, he was led to believe he was investing into a legitimate company and product. I'm not aware of any information Lloyds could or should have known at the time from which it ought to have been concerned Mr B was being scammed. It could have given Mr B general fraud and scam advice in relation to investing in particular. But ultimately, I don't think I can fairly say it would have been able to give Mr B any information that would have led him to doubt what he already knew about what he was doing, including if he'd undertaken further reasonable research at the time.

I say this as Mr B had already invested in a similar scheme and got returns. He also found the opportunities through what looks to me to be a legitimate property/investment website where he was a member. Mr B says he carried out research at the time and I can't find anything online that suggests this was a scam until the company went into liquidation, and this was after Mr B had sent his payments.

Mr B says he attended the site of the property development the second two payments were sent to and he got regular progress updates - Mr B also got a large amount of his investment back. Mr B was receiving regular returns for around a year on his first investment.

So, even if Mr B had been questioned in more detail about the investments by Lloyds, I don't think it would've highlighted anything that would've caused concern or led Lloyds to believe Mr B was at risk of financial harm from a fraud or scam. Furthermore, even if Lloyds did intervene and tell Mr B to conduct further checks on his investments, I'm not persuaded he would have found any negative information online, as Mr B hasn't supplied anything from that point in time that shows with any certainty that this might have been a scam.

Recovery

I've also looked at whether Lloyds took the steps it should have once Mr B contacted them to dispute the payments.

After the payments were made, I couldn't reasonably expect Lloyds to have done anything further until Mr B alleged to Lloyds that he had been scammed.

As the company Mr B sent the money to is now in administration, I don't find Lloyds have done anything wrong by not attempting any recovery of the funds.

I realise this means Mr B is out of pocket. And I'm sorry he lost this money. I can't reasonably ask Lloyds to reimburse Mr B in circumstances where I don't think it ought reasonably to have prevented the payments or recovered them.

My final decision

My final decision is that 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 16 March 2026.

Tom Wagstaff
Ombudsman