

The complaint

Mr and Mrs P complain that Lloyds Bank PLC (as the recipient bank) didn't do enough to prevent them losing money to an alleged scam.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide an overview of some of the key events here.

Between 2017 and 2019, Mr and Mrs P made a series of investments through 'S', who were a group / large portfolio of companies. Relevant to this complaint are two payments totalling £84,000 which were made in 2017, from Mr and Mrs P's account with 'R' to accounts held with Lloyds. Mr and Mrs P say they received quarterly returns until October 2019. In 2020 S entered liquidation. Mr and Mrs P now allege that S was operating a scam / fraudulent investment scheme.

Mr and Mrs P complained to Lloyds and asked that it refund their outstanding loss. Lloyds didn't agree. Unhappy with their response Mr and Mrs P referred their complaint to our service. They remained concerned whether, at the time the funds were being received into accounts held with Lloyds, there were indicators that should reasonably have prompted Lloyds, as the receiving bank, to identify and act upon potentially suspicious account activity in line with its regulatory and anti-money-laundering obligations. They believed Lloyds may have failed to take action to disrupt the flow of funds and prevent their losses. Our Investigator didn't think we could consider all of Mr and Mrs P's complaint, and for what she could consider, she didn't recommend the complaint should be upheld.

Mr and Mrs P didn't agree so the matter was referred to me. In an effort to resolve the matter quickly and informally, I wrote to both parties explaining why we couldn't investigate all aspects of Mr and Mrs P's complaint and setting out in more detail my intended decision (for those I could). Lloyds didn't respond. Mr and Mrs P didn't agree to the complaint being closed informally and asked for formal written decisions in relation to both the Financial Ombudsman Service's jurisdictional remit under DISP, and the merits of their complaint that fall within our jurisdiction.

I've separately issued a jurisdiction decision which to summarise explains that Mr and Mrs P are eligible complainants, and I can consider their complaint against Lloyds. But that my considerations will be limited to those which arise from matters relevant to their relationship with Lloyds under DISP 2.7.6R(2B), which requires that those act(s) or omission(s) took place on or after 31 January 2019.

This decision is about the aspects of Mr and Mrs P's complaint I do have the power to investigate.

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 can't uphold this complaint. I know this will be disappointing for Mr and Mrs P, so I'll explain why.

Firstly, the Financial Ombudsman Services' function is not to act as a regulator policing a firm's overall compliance. We're not required to investigate systemic issues, monitor a firm's entire Anti-Money Laundering (AML) program for weaknesses in the broader sense, or impose fines and penalties on firms for regulatory breaches – that is the Financial Conduct Authority's (FCA's) role. My role is to consider each case on its individual facts and merits (for the aspects within our jurisdiction). Here, I must decide if there has been a failing by the respondent (Lloyds) in the specific circumstances of this case, and crucially whether it can be said that any failing is / was the direct reason for the loss being claimed. Without that link between Lloyds' act and / or omission and Mr and Mrs P's loss I can't fairly and reasonably ask Lloyds to do more to resolve the complaint. This distinction is important, because generally complainants think just because a respondent failed in its transaction monitoring it should pay compensation. But in cases such as these (against a recipient bank), where Lloyds owes no contractual obligation and no duty of care to Mr and Mrs P as the payer of funds into one of its customers' accounts – to ask it to provide a refund requires clear evidence that Lloyds' failure in relation to the recipient's account was the direct and effective cause of the loss suffered. Where multiple intervening steps would have been required, where outcomes remain uncertain, or where evidence is lacking that Lloyds' action(s) would have prevented the loss, it is neither fair nor reasonable to require it to refund the money.

Mr and Mrs P's payments were made in 2017 and on the evidence available, were almost certainly disbursed before 31 January 2019. But as Mr and Mrs P have alleged that S was operating a scam, it's possible they could've had a claim to funds which may have remained in the account on / or after 31 January 2019. On that basis I have considered if Lloyds did enough to prevent, or respond to, an alleged authorised push payment fraud on or after that date. So, even if I were to accept (which to be clear I'm not making a finding on) that S were operating a scam / fraudulent scheme which Mr and Mrs P had fallen victim of, and that Lloyds ought to have acted in relation to the recipient accounts on or after 31 January 2019. I'm not persuaded that this would've resulted in their funds being recovered and returned. I say this because even if Lloyds had taken action to close the accounts the funds would've either been returned to the account holders or at best held by Lloyds, and by the time Mr and Mrs P notified it of a problem with the payments S were already in liquidation, which would've prohibited Lloyds from returning any funds, if any remained. So, I'm not persuaded that there was anything Lloyds could fairly and / or reasonably have done on or after 31 January 2019 that would've resulted in Mr and Mrs P's being in a meaningfully different position.

My final decision

For the reasons outlined above, 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 and Mrs P to accept or reject my decision before 28 April 2026.

Sonal Matharu
Ombudsman