

The complaint

Miss I complains about Lloyds Bank PLC on behalf of 'M', her limited company.

She says that in November 2023, M has suffered a loss of £7,000 to a scammer, and she would like Lloyds to refund it.

What happened

Miss I contacted 'E' for help with her business M. E provided consultancy services relating to the services Miss I's business provided.

E's offices were near to Miss I's home, and Miss I had visited them on the recommendation of friends. Miss I also checked E's information on Companies House.

Miss I agreed on M's behalf that E would provide consultancy solutions, a website upgrade and train five of her staff at a cost of £16,000, and the payments made were for the deposit.

Following the payments, Miss I unfortunately had to spend time in hospital, and so was unable to check the progress of the services that had been agreed. She says that she realised she had been scammed when she visited E's offices and found them closed – and says that E didn't deliver what they had promised.

A complaint was made to Lloyds – but it wasn't upheld. So, Miss I brought M's complaint to this Service.

Our Investigator looked into things under Contingent Reimbursement Model (CRM) Code which was in place until 6 October 2024, and of which Lloyds was a signatory.

However, they didn't uphold the complaint as they explained that there wasn't enough evidence to support that E was running as a scam.

Miss I then asked for an Ombudsman to make a decision – and explained that due to her health and personal circumstances, she was vulnerable, and this should be taken into account under the CRM Code.

As no informal resolution was reached, the complaint has been passed to me to make a final 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 have decided not to uphold this complaint for broadly the same reasons as our Investigator. I know that this will be disappointing for Miss I – and I do recognise that both Miss I and M have been deprived of their funds.

It's important to highlight that with cases like this, in deciding whether there was in fact a scam, I need to weigh up the available evidence and make my decision about what I think is likely to have happened on the balance of probabilities – in other words what I think is more likely than not to have happened in the circumstances.

When considering what is fair and reasonable, I'm also required to take into account: relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider having been good industry practice at the relevant time.

In broad terms, the starting position in law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

Lloyds was a signatory of the Lending Standards Board's Contingent Reimbursement Model (the CRM Code) which took effect on 28 May 2019 until it was retired on 7 October 2024. The Code required firms to reimburse customers who had been the victims of certain types of scams, in all but a limited number of circumstances. But customers are only covered by the CRM Code where they have been the victim of an authorised push payment (APP) scam – as defined within the CRM Code.

DS2(2)(b) of the CRM Code says it doesn't apply to:

“private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier”

So, it doesn't cover a genuine investment or a genuine business that subsequently failed. I've therefore thought about whether the purpose for Miss I on behalf of M having made these payments was a legitimate one, whether her intentions broadly aligned with E's, and if not, whether this was due to dishonest deception on the part of E.

Looking at what was agreed between M and E, as per the invoice, it appears that the payments were made for the services that Miss I set out as part of her complaint. There are no chats or other information available that tell me what this would actually look like in practice, but it seems that the payment reason was a legitimate one – and that M and E's intentions broadly aligned.

I haven't seen anything to suggest that E deliberately set out to defraud Miss I and M – it appears that it was running as a genuine business, had premises, and has had a presence on Companies House since June 2020, filing accounts each year until it went into voluntary administration.

The payments were made into the account of E's director – and this Service has asked the receiving bank to provide information as part of this investigation. Data protection laws prevent me from disclosing information to Miss I and M, however, I can confirm that at the time the payments were made, there doesn't appear to have been anything suspicious happening on the account which would indicate it was being used by a scammer.

Of course, Miss I and M say that they haven't been provided with the services agreed, and what they paid for – and this is of course disappointing. It has caused financial issues for M

itself and caused Miss I a lot of stress and anxiety. She has explained that this has been very detrimental to her health.

I am very sorry to hear how this has impacted Miss I – however, businesses can fail to perform their obligations for various reasons, including getting into financial difficulty – but this doesn't necessarily mean that they were being run as a scam.

I have also considered if there was anything Lloyds could have done to try and recover M's funds – but by the time the matter was reported, no money remained that could be recovered. So, I don't think there was anything else it could have done.

Finally, as part of her response to our Investigator's view, Miss I has explained that she is a vulnerable person – and that Lloyds should have done more to protect her. She has referenced the Financial Conduct Authority's (FCA) Consumer Duty – and Lloyds responsibilities for retail customers, including additional care and support for vulnerable consumers.

However, in relation to alleged scam itself, I can't say that Lloyds has breached any of the principles that the Consumer Duty has set out, even though Miss I may have been a vulnerable person, there was nothing that could have alerted it at the time the payments were made that Miss I and M may have been at risk of financial harm.

I know that Miss I also has concerns about her own banking facilities, and the actions of Lloyds after the event – but this isn't something I can consider as part of this complaint – my decision is purely based on whether Miss I and M have been the victims of a scam. She may wish to take this up with Lloyds as a separate matter.

I am of course very sorry for the situation Miss I now finds herself in. I know that she hasn't received what was paid for and has suffered financially. But I do not have enough to reasonably say that her and M have been the victims of a scam, and therefore I cannot ask Lloyds to refund her the money lost.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 21 May 2026.

Claire Pugh
Ombudsman