

The complaint

Mr A complains that Lloyds Bank PLC ('Lloyds') allowed a business bank account to be opened which he believes was used as part of an authorised push payment ('APP') scam.

What happened

The circumstances of the complaint are well-known to both parties. So, I don't intend to set these out in detail here. However, I'll provide a brief summary of what's happened.

In November 2022, Mr A paid £500 to a business, which I'll refer to as 'Company L', as the deposit for an investment. The payment was sent to Company L's account with Lloyds. Mr A subsequently sent the balance of the investment to a different account.

Mr A received some returns on his investment but in August 2024 Company L entered into creditors voluntary liquidation, leaving Mr A at a loss. Mr A carried out some research into Company L's director, whom I'll refer to as 'L', and discovered information that led him to believe he'd been the victim of an APP scam.

Mr A thought Lloyds hadn't met its obligations when opening an account for Company L or satisfied its expectations when monitoring Company L's use of the account. So, he made a complaint. Lloyds didn't think it had done anything wrong and so Mr A's complaint wasn't upheld.

Unhappy with Lloyds' response, Mr A referred his complaint to this service. Our Investigator considered the complaint but didn't uphold it. In summary, they didn't think Company L had scammed Mr A and so they didn't think Lloyds was responsible for refunding the £500 Mr A sent to Company L.

Mr A didn't accept our Investigator's opinion. He explained that our Investigator hadn't answered his complaint about Lloyds failing to meet its obligations when opening Company L's account or provided the specific information he'd asked for regarding the account opening process.

As an informal agreement couldn't be reached, the complaint was passed to me to decide. I issued a provisional decision and set out why I wasn't persuaded Lloyds had made any errors opening Company L's account; or failed to appropriately monitor the account. As a result, I wasn't of the opinion that Lloyds needed to do anything to resolve the complaint.

I haven't received a response to my provisional decision from Lloyds or Mr A. As a result, I'm not proceeding to issue my 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.

I haven't received any further submissions from either party to consider. So, I see no reason to depart from my provisional decision, which I'll reiterate below.

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In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

Mr A has explained that he isn't looking for Lloyds to refund the money he sent to Company L. The crux of his complaint is that financial firms (like Lloyds) aren't doing enough checks when onboarding new customers, which is allowing scammers to open bank accounts and use these to take advantage of their victims. Mr A thinks these procedures need strengthening to prevent scams from happening.

It's not for me to comment on the existing obligations for financial firms when opening and monitoring bank accounts. That would be a concern that Mr A would need to raise with the Financial Conduct Authority ('FCA'), which is the industry regulator. Instead, I've focused on the individual circumstances of Mr A's complaint with Lloyds.

Mr A thinks Company L was an APP scam, that had no intention of fulfilling his investment at the time he sent his payments. However, Lloyds thinks Company L was a genuine investment opportunity, that sadly failed.

As I'll go on to explain, whether or not Company L was a scam doesn't affect the outcome here, as I don't think Lloyds did anything wrong when it onboarded Company L or in how it monitored the account. So, I've decided not to make a finding on whether it's more likely than not that Company L was a scam, as this isn't necessary to allow me to reach a fair answer on this complaint.

Mr A has made some detailed submissions in support of his complaint. I've read and considered everything he's sent in, but I don't intend to respond in similar detail. 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 heart of the matter 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.

Among other things, regulated firms receiving payments like Lloyds, are required to conduct their "business with due skill, care and diligence" (FCA Principle for Businesses 2) and to comply with legal and regulatory anti-money laundering and countering the financing of terrorism requirements.

Those requirements include maintaining proportionate and risk-sensitive policies and procedures to identify, assess and manage money laundering risk – for example through customer due diligence measures and the ongoing monitoring of the business relationship (including through the scrutiny of transactions undertaken throughout the course of the relationship). It's important to note that it is for the individual firm to set its own procedures for account opening and monitoring of accounts – there is no prescribed approach that they must follow in order to comply with the relevant rules and regulations.

To help decide whether Lloyds met its obligations, we've asked it to provide evidence to demonstrate it followed its account opening procedures; carried out checks to verify the identity of the named account holder; and did its due diligence when opening the account.

Lloyds has provided this service with evidence regarding Company L's account, including the account opening procedure and a selection of bank statements. This evidence was accepted in confidence. So, I can't disclose specific information about Company L's account. However, where it's appropriate to do so, the FCA Handbook does allow this service to share a summary of what the confidential evidence shows.

I've carefully reviewed Lloyds' evidence of the account opening process and I'm satisfied Lloyds carried out checks to verify the identity and address of the named account holder (which was Company L) along with similar checks on its director (which was L). Lloyds also ran media checks on both Company L and its director, which didn't identify any adverse information about either party.

I appreciate that L was declared bankrupt in August 2019. However, Company L applied for an account after L's bankruptcy had been discharged. And I've seen no evidence to suggest that L was banned from being a company director at the time Company L was incorporated, nor when it applied for an account with Lloyds.

Prior to Company L applying for an account with Lloyds, L had incorporated seven businesses between 2007 and 2021, six of which had subsequently been dissolved. I don't think that alone means Lloyds ought to have refused to give Company L an account.

I accept that one of L's businesses was dissolved via a creditors voluntary liquidation and, in the liquidator's report dated February 2019, some concerning information was recorded relating to some withdrawals L had made from the business between 2016 and 2017. However, I'm minded that no action appears to have been taken following this to prevent L from being a company director. So, again, I don't think this is sufficient to say Lloyds shouldn't have allowed Company L to open an account or that Lloyds failed in its obligations when Company L was onboarded.

I'm satisfied that Lloyds carried out sufficient checks and did adequate due diligence before opening Company L's account. There wasn't anything to suggest that Company L was engaged in any potentially fraudulent behaviour or that Lloyds ought to have been concerned that Company L would misuse the account. So, I'm persuaded Lloyds took reasonable steps to prevent the account being opened for criminal purposes and it didn't miss an opportunity to prevent Mr A's loss when opening the account.

I've gone on to consider whether Lloyds failed to appropriately monitor Company L's account. Having done so, I'm not persuaded Lloyds had made any errors prior to Mr A's payment or before those funds were subsequently spent.

Prior to Mr A's payment in November 2022, Lloyds had received no reports that Company L had received fraudulent funds. Having considered the transactions prior to and immediately after Mr A's payment, I don't think there was anything about the account activity that reasonably ought to have given Lloyds cause for concern that the account was being misused. And, by the time Mr A raised a fraud report in 2024, his funds had already been spent, meaning there was nothing to return to him. As a result, I can't say that Lloyds failed to monitor Company L's account to Mr A's detriment.

I appreciate Mr A strongly believes that Company L set out to scam him – and that might be the case. I also appreciate Mr A believes Lloyds should never have given Company L an account. However, I'm not satisfied based on the evidence I've seen that Lloyds has made any failings that have resulted in Mr A's loss. So, I'm not persuaded his complaint should be upheld.

I'm sure this will come as a huge disappointment to Mr A. He's clearly put a great deal of time and effort into trying to establish wrongdoing on Lloyds' behalf. And I'm sure he will be left frustrated that I'm unable to provide him with all the information he has requested. However, I hope he can take comfort in the knowledge that I've carefully reviewed all the available evidence and have been unable to demonstrate any failings by Lloyds."

Based on the available evidence, I'm satisfied that Lloyds took appropriate steps when onboarding Company L to ensure the account wasn't going to be used for criminal purposes. I'm also not persuaded Lloyds ought to have been concerned about how Company L went on to use the account, prior to Company L entering creditors voluntary liquidation. As a result, I'm not of the opinion that Lloyds has made any errors. So, I don't think this complaint should be upheld.

My final decision

For the reasons explained above and in my provisional 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 A to accept or reject my decision before 29 April 2026.

Liam Davies
Ombudsman