

The complaint

Mrs A complains that Lloyds Bank PLC ('Lloyds') won't refund the money she lost after falling victim to a scam.

What happened

In 2024, Mrs A was helping a friend to get a Certificate of Sponsorship so they could come and work in the UK – I'll refer to the friend as M. Mrs A was given the name of someone who could help obtain the visa – who I'll refer to as D. D offered a full package of employment and visa sponsorship as well as training for a job in the care industry.

The total package cost was £12,000 with £5,000 paid upfront and the balance taken monthly from M's salary when they started working.

Mrs A made three payments to D in June 2023 of £3,000, £1,000 and £1,000.

She completed the forms and provided the requested documentation to support M's application. M attended a job interview but didn't receive a job offer.

Mrs A believes she was the victim of a scam and raised a fraud claim with Lloyds. Lloyds declined to refund Mrs A saying she has a civil dispute with D.

Mrs A wasn't happy with Lloyds' response, so she brought a complaint to our service.

An investigator looked into Mrs A's complaint but didn't uphold it. The investigator wasn't satisfied that D defrauded Mrs A, so they couldn't apply the Contingent Reimbursement Model Code (CRM Code). The investigator also wasn't persuaded that Lloyds should've prevented the loss.

Mrs A disagreed with the investigator's opinion and asked for an ombudsman to review the case. Mrs A raised the following points:

- The service she paid for wasn't provided.
- D never told her that they were using a separate company (that I'll refer to as F) as part of the process.

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.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities. In other words, on what I consider is more likely than not to have happened in light of the available evidence.

In broad terms, the starting position at law is that Lloyds are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account. It's not in dispute that Mrs A authorised these payments, although she did so not realising she would suffer a financial loss as a result. So, the starting position is that Lloyds aren't liable.

Why Mrs A isn't entitled to a refund under the CRM Code

Lloyds was a signatory to the CRM Code, which required it to reimburse victims of APP scams in all but a limited number of circumstances.

But the CRM Code defines what is considered an APP scam as, "where the customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent".

For me to be satisfied that Mrs A was the victim of an APP scam under the CRM Code, I need to be satisfied that D was involved in the scam, that D took Mrs A's funds with a different purpose in mind, and obtained her funds by fraudulent deception. If D was simply an unwitting victim of the scam, then Mrs A's payments aren't be covered by the CRM Code.

I accept that F, who D used as part of the sponsorship application process, were more likely than not running a scam. However, there is no evidence that D was party to, or aware of, the scam that F were running.

I realise that it is difficult for Mrs A to prove that D was party to the scam. This type of evidence would usually be available following an investigation by the police or Trading Standards. However, it's for Mrs A to prove evidence to support her position that D scammed her.

We've received evidence from the beneficiary bank, and I'm limited in what I can share due to data protection legislation. But that evidence doesn't support Mrs A's claim that D was party to the scam or that D took Mrs A's funds with a different purpose in mind.

And, while Mrs A didn't receive the service that she paid for, and D may not have disclosed that he was using F as part of the application process – that doesn't mean D obtained Mrs A's funds with fraudulent intent.

Based on the evidence, I'm not satisfied that Mrs A has met the definition of an APP scam, so I can't fairly hold Lloyds liable under the CRM Code for Mrs A's loss.

Is there any other reason that I could hold Lloyds liable for Mrs A's loss?

But, taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Lloyds should fairly and reasonably have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams.

Also, I'd expect Lloyds to have systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). And where a potential risk of financial harm is identified, to have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – as in practice all banks do.

Having reviewed Mrs A's bank statements, I'm not satisfied that the payments she made to D were so unusual and out of character that I would've expected Lloyds to have identified a potential risk of financial harm from fraud and intervened. I say this because Mrs A had regularly made payments from her account for £2,000 or more. For example, in May 2023 she made a payment of £2,700, in April 2023 a payment of £4,900, in March 2023 a payment of £4,000, in February 2023 a payment of £4,000. So, the payments of £3,000, £1,000 and £1,000 were in line with her usual account activity.

I realise the loss of these funds has had a significant impact on Mrs A, but Lloyds has to find a balance between identifying payments that might suggest a customer is at risk of financial harm (and appropriately intervening) and minimising disruption to legitimate payments.

As I'm not satisfied that Lloyds should've intervened when the payments were made, I can't fairly say that Lloyds should've prevented Mrs A's loss.

I'm really sorry to disappoint Mrs A but, having considered the evidence, I'm not satisfied I can fairly hold Lloyds liable or ask them to refund her.

My final decision

My final decision is that I don't uphold this complaint against Lloyds Bank PLC.

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

Lisa Lowe
Ombudsman