

The complaint

Mr D complains that Lloyds Bank PLC won't refund the money he says he lost as the result of a scam.

What happened

The background to this complaint is well known to the parties, so I'll simply summarise it here.

Mr D found what appeared to be an attractive investment opportunity on the social media profile of someone he'd known as a child. I'll refer to that person as "S". Mr D says he was led to believe that the investment was in the price of gold and currency, and that he could make very significant returns.

Mr D has told us that S posted consistent, fabricated evidence of his supposed trading success, alongside images of luxury items. He says that S used this and the alleged successes of mutual acquaintances, to create "*a highly compelling and manipulative illusion of legitimacy*". Mr D says he signed up and paid S to teach him how to make the payments, with a view to continuing on his own.

Mr D made the following payments from his account with Lloyds. They include an eleventh payment which was accidentally missed from the table in the investigator's view. The payments were interspersed with credits, which are shown in bold italics.

	Date	Payment method	Merchant	Amount
1	19.12.23	Faster payment	S	£79.99
2	27.12.23	Debit card	D	£50.00
	<i>27.12.23</i>		<i>D</i>	<i>-£10.00</i>
3	28.12.23	Debit card	D	£1,900.00
4	08.01.24	Debit card	G	£49.99
5	18.01.24	Debit card	G	£49.99
6	24.01.24	Debit card	D	£50.00
	<i>05.02.24</i>		<i>D</i>	<i>-£889.56</i>
7	06.02.24	Debit card	G	£49.99
8	19.02.24	Debit card	G	£49.99
9	06.03.24	Debit card	G	£49.99
	<i>06.03.24</i>	<i>Dispute refund</i>		<i>-£49.99</i>
	<i>07.03.24</i>	<i>Dispute refund</i>		<i>-£49.99</i>
10	04.04.24	Debit card	V	£100.00
11	20.05.24	Debit card	J	£1,288.17

	30.05.24		J	-£149.63
			Total net loss	£2,568.94

Mr D says that the first payment, of £79.99, was for access to trading signals from a “VIP” chat group. He says that before making the payment, he looked at online reviews for an entity associated with S. He says those were overwhelmingly positive. And he says that when he raised any concerns, S provided highly plausible technical explanations such as explaining that the negative reviews were *“just from people who didn’t use proper risk management. They use massive lot sizes and blow their accounts. If you follow my signals exactly, you will win. Just look at the VIP chat”*.

Mr D says he was a member of several chat groups, and says he made the payments to D, V and J following advice from S and another individual, who he says was also a scammer. He says they used sophisticated grooming techniques and manipulation. He says that they told him that if he lost money on the investments, he should deposit more, with a view to making returns, and said they’d remove him from the group if he didn’t deposit more.

It wasn’t until October 2025 that Mr D came to the conclusion that he’d been the victim of a scam, and contacted Lloyds about the payments. He says that up until then, he believed the investments to be legitimate, and that it was the market which had led to him losing most of his money.

Mr D says that the consequences of losing the money have been severe. Among other things, he’s had to take out a debt consolidation loan, and has suffered stress and a relationship breakdown.

One of our investigators considered the complaint, but didn’t think it should be upheld. In summary, she didn’t think that Lloyds ought to have realised that Mr D might be falling victim to a scam, and didn’t think it had done anything wrong by not intervening when Mr D made the debit card payments. And she didn’t think Mr D had a reasonable basis for believing that the first payment was genuine, or that Lloyds should have warned him about it. So she didn’t consider that Lloyds could be required to refund the first payment under the Contingent Reimbursement Model (“CRM”) Code. Nor did she think that Lloyds could have done more to recover Mr D’s money.

Mr D didn’t agree with the investigator’s view, so the complaint was passed to me.

My provisional findings

After considering all the evidence, I issued a provisional decision on this complaint to Mr D and to Lloyds on 27 March 2026. I explained that having considered the relevant information about the complaint, I’d reached the same conclusion as the investigator, and wasn’t intending to uphold it. But some of my reasoning was different from the investigator’s, so I wanted both parties to have an opportunity to provide further comments or evidence before I issued my final decision.

I said:

“I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.”

First, I'm aware I've set out the background to this complaint in less detail than the parties, and I've done so using my own words. I'm not going to respond to every individual point made by the parties. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to take this approach. It simply reflects the informal nature of our service as an alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. It's just that I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

I was sorry to hear that Mr D lost a lot of money, and I don't underestimate the impact this would have had on him. My role is to decide whether I can fairly hold Lloyds responsible for his loss, or require it to take any other action.

Payment 1 – made by faster payment

Lloyds signed up to the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code, which was in force when Mr D made the payments. The CRM Code gives additional protection to victims of Authorised Push Payment (APP) scams. It outlines the standards a firm is expected to meet, and it requires firms to reimburse customers who have been victims of APP scams in all but a limited number of circumstances.

The Code doesn't cover payments made by debit card, so it doesn't cover payments 2 to 11. But Mr D made payment 1 by faster payment. So when thinking about what's fair and reasonable in this case, I've considered whether Lloyds should have reimbursed Mr D for payment 1 in line with the provisions of the CRM Code.

It's in this respect that my reasoning is different from the investigator's. As the investigator said, a bank may choose not to reimburse a customer if it has met its obligations and can establish that the customer made the payment without having a reasonable basis for believing that the payee was the person the customer was expecting to pay; that the payment was for genuine goods or services; and/or that the person or business with whom they transacted was legitimate.

Lloyds didn't think that Mr D had had a reasonable basis for belief that the apparent investment opportunity was genuine. This was, in summary, because it didn't think that Mr D had carried out reasonable checks before making the payment.

But the only payment that Mr D made that falls within the scope of the CRM code was the very first payment he made. I acknowledge that he doesn't appear to have carried out much research into the investment opportunity or into the payee. But at that stage, there was no track record to alert Mr D to the reality that, far from generating the high returns he says he'd been led to expect, his investments would lead to significant losses. And I'm not convinced, on balance, that what Mr D says he'd been told at that stage was so far-fetched that it can fairly be said that he had no reasonable basis for belief.

However I can only say that Lloyds should reimburse payment 1 under the CRM code if I'm satisfied, on balance, that Mr D "intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person" or if he "transferred funds to another person for what he believed were legitimate purposes but which were in fact fraudulent".

In this case, Mr D has provided a screenshot of a single exchange with S, which simply says "Hello" and "Hi dude" in response. S then turns on disappearing messages. Mr D's told us that the first payment of £79.99 was for access to trading signals from a "VIP" chat group. But he's not provided any evidence to back this up. Over the period in which he made the payments he's complained about, he went on to make six further payments, of £49.99 each, to a limited company (G) which appears likely to have been linked to S. He's told us the payments were for trading signals. But again, I've seen no evidence to back that up, or to show that those payments were connected to the other payments he's complained about.

Mr D has referred to a warning issued by the Financial Conduct Authority in October 2024 which includes reference to a name similar to the one shown on the screenshot of messages with S. But Mr D hasn't provided any evidence that he interacted with the social media handles or websites referred to in the warning.

Overall, I haven't seen enough evidence to persuade me that S was a scammer, or that he tricked Mr D into making payments.

I can understand Mr D's frustration if S's enabling disappearing messages has resulted in less evidence being available than there might otherwise have been. But I have to make my decision based on the evidence I have. And based on the limited evidence provided, I'm not persuaded that I can fairly say that Mr D made payment 1 as part of a scam.

Mr D has also referred to the CRM Code's requirements about the provision of effective warnings. The code says that a warning should have been provided if an APP scam risk should have been identified in the circumstances. It provides that effective warnings should be risk-based and, where possible, tailored to the APP scam risk indicators and any specific APP scam types identified through the user interface with which the customer initiates the payment instructions.

Payment 1 was, as Mr D has pointed out, to a new payee. But having looked at Mr D's account statements, I consider that a payment of £79.99 was unremarkable when considered in the context of Mr D's typical account activity, and I don't think it stood out as being unusual. I don't accept Mr D's contention that the fact that the recipient's name included the word "Trading" meant that Lloyds should have warned him about the payment. And I'm not persuaded that there's any other reason why Lloyds ought reasonably to have identified a risk when Mr D made the payment. So I don't think it was unreasonable of it not to provide a warning or otherwise intervene when Mr D made the payment.

Taking everything into account, given that I've found that Lloyds wasn't required to provide an effective warning to Mr D when he made payment 1, and I'm not satisfied, based on the evidence provided, that the payment was made as part of a scam, I can't fairly conclude that Lloyds should have reimbursed Mr D for payment 1 under the CRM code.

Payments 2 to 11- made by debit card

As with payment 1, Mr D has provided little evidence to support his contention that he made the payments as part of a scam. But even if he did, I don't consider that I can fairly say that Lloyds ought to have realised that he was at risk of financial harm from fraud when he made the payments.

In broad terms, the starting position at law is that banks are expected to process payments and withdrawals that a customer authorises them to make in line with the terms and conditions of the customer's account. It isn't in dispute that Mr D made the payments himself. Even though he didn't intend the money to end up with a scammer, the payments are considered authorised under the Payment Services Regulations 2017, and Mr D is considered liable for his loss in the first instance. But that's not the end of the matter.

In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations, regulators' rules, guidance, standards and codes of practice and, where appropriate, what I consider to have been good industry practice at the time. Taking those things into account, I think that at the time the payments were made, Lloyds should have been doing the following to help protect its customers from the possibility of financial harm:

- monitoring accounts and payments to counter various risks, including fraud and scams;*
- keeping 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) – especially given the increase in sophisticated fraud and scams in recent years, with which financial institutions are generally more familiar than the average customer;*
- acting to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring that all aspects of its products, including the contractual terms, enabled it to do so;*
- in some circumstances, regardless of the payment method used, taking additional steps, or making additional checks, before processing a payment, or, where appropriate, declining to make a payment altogether; and*
- being mindful of - among other things – common scam scenarios, how fraudulent practices were evolving (including, for example, the common use of multi-stage fraud by scammers) and the different risks these can present to consumers when deciding whether to intervene.*

There's a balance to be struck. Banks have obligations to be alert to fraud and scams and to act in their customers' best interests. But they can't reasonably be involved in every transaction. And here, I don't think it was unreasonable for Lloyds to process the payments as it did, without contacting Mr D or asking for further information from him.

The payments weren't for such high amounts, either in themselves, or in the context of Mr D's usual account activity, that I think Lloyds ought to have been concerned about them based on their size. They were spread over more than three months, were for varying amounts and were made to several different recipients.

I acknowledge that Mr D received a credit of £2,000 into his account shortly before making payment 3, and I accept that it would have been apparent to Lloyds that the money had come from his credit card account. So he was effectively borrowing money in order to make the payment. But people do borrow to make significant purchases. I can also see that the payee was registered overseas. But payments to overseas recipients from Mr D's account weren't unusual. Overall, I don't consider that there were sufficient indicators that this payment might be part of a scam that I can say that Lloyds was wrong not to intervene before processing it.

Similarly, Mr D received a credit of £2,249.28 into his account from a credit card company on the day he made payment 11. Again, I think it would have been clear to Lloyds that the money had come from a credit card company. Payment 11 was the equivalent of more than half of that credit, and it took Mr D's balance back into overdraft. But Mr D made frequent use of his overdraft, and I don't think this, in itself, ought to have struck Lloyds as concerning. The payee was, again, overseas. But even allowing for the fact that the merchant category code would have shown the payment to be for "security brokers and dealers", I don't consider that there were sufficient indicators that the payment might be part of a scam that Lloyds ought to have intervened before processing it.

Mr D has commented that Lloyds allowed payment 9 for £49.99 to be made on the same day that Lloyds refunded a payment for the same amount to the same payee. The refund is shown on 6 March 2024, and is marked "Dispute refund" on Mr D's statement. Mr D has told us that that related to payment 7. I haven't been provided with any information about why the payment was refunded, but there's no evidence to show that the refund was anything to do with a scam. And this seems unlikely, given how long it was after he made the payments that Mr D came to consider that he'd been scammed. I can't reasonably say that Lloyds should have intervened on the payment or refused to make it purely on the basis that there had been a dispute about a previous payment to the same payee.

Overall, I don't think the pattern of transactions bore enough common hallmarks of a scam that I think that Lloyds ought to have been concerned or intervened before processing the payments.

Could Lloyds have done more to recover Mr D's money?

I'm sorry to say that I don't think Lloyds would have been able to recover Mr D's money. He made all but the first payment by debit card. There's a scheme called "chargeback" which deals with disputes between card issuers and merchants. Chargeback isn't an automatic right, and banks don't have to raise a claim where there isn't a reasonable prospect of success. There are very few chargeback rights that will result in a customer getting a refund where a card has been used to make a payment towards an investment, even where the investment turns out to be a scam. And by the time Mr D complained to Lloyds about the payments, it would have been too late to make a chargeback claim under the rules of the chargeback scheme in any event.

Lloyds did contact the receiving bank about payment 1, but the money hasn't been returned, and would likely have been moved from S's account long before.

I realise that my decision will come as a great disappointment to Mr D. I'm sorry that he lost a significant amount of money. But for the reasons I've set out, I don't find that I can fairly hold Lloyds responsible for his loss."

Further submissions

Lloyds said it had received my provisional decision, and had no further points to add. But Mr D didn't accept my provisional decision. He's provided further comments and some further evidence. As with my provisional decision, I'm not going to respond individually to each and every point that Mr D has made, but will focus on the points that I consider are relevant to enable me to reach a fair 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.

Payment 1

I explained in my provisional decision that in order to say that Lloyds should reimburse payment 1 under the CRM code, I'd need to be satisfied that Mr D had been deceived into transferring funds to someone other than the intended recipient, or that he'd transferred funds for what he believed to be legitimate purposes, but which turned out to be fraudulent. And I said that based on the evidence I'd seen, I wasn't satisfied that S was a scammer, or that he tricked Mr D into making payments.

In response to my provisional decision, Mr D has provided some further screenshots, which I accept are consistent with payment 1 having been for access to trading signals from a "VIP" chat group, on which S said he provided trading signals. But I've seen nothing from which I can conclude that S tricked Mr D into making any payment.

The screenshots show that Mr D initially said that he'd wait until he was next paid to begin, but S told him there were limited places left, so he should text him when he was ready. I accept that that suggests that S led Mr D to believe that if he didn't act quickly, he might miss the opportunity, and I accept that Mr D may understandably have felt under some pressure as a result. But that, in itself, isn't enough to persuade me that S was a scammer.

I acknowledged in my provisional decision that the Financial Conduct Authority had published a warning in 2024 which included reference to a name similar to the one shown on the screenshots of messages with S, which Mr D has provided. It isn't in dispute that the warning wasn't published until October 2024, so Mr D couldn't have known about it when he made the payments. But in order to treat the warning as evidence that Mr D made the payment to a scammer, I'd need to be satisfied that the warning related to the entity to which Mr D made the payment. I commented that Mr D hadn't provided any evidence that he'd interacted with the social media handles or websites referred to in the warning.

Among the additional evidence Mr D provided after I issued my provisional decision was an undated screenshot of what appears to be a channel on a well-known messaging app. The name of the channel includes one of the names referenced under the heading "Unauthorised firm details" in the FCA warning. Under the name on the screenshot Mr D has provided is a description: "*Access to daily GOLD signals aimed at maximizing profitability. Unlock the vault of profitable opportunities and elevate...*". I acknowledge that it's possible that the channel shown in the screenshot may be connected with the entity referred to in the FCA warning. But I'm not satisfied that the undated screenshot is sufficient evidence that Mr D interacted with that entity, or that he was scammed by it.

In his comments on my provisional decision, Mr D has asserted that the connection between the payments he made and the FCA warning is "irrefutable". He's referred to the name of the payee to which he made payment 1 (for £79.99), and the payee to which he made payments 4,5 and 7-9 (for £49.99 each), and he's pointed to the names of the entity covered by the FCA warning. But I'd already considered that evidence when I issued my provisional decision.

One of the names used by the entity covered by the FCA warning consists of two words. One could be a forename or a surname. The other is typically a surname. I acknowledge that those two words, in the same order that they appear in the FCA warning, form part of the name of the payee to which Mr D made payment 1. One of the words in the name covered by the warning also appears in the name of the payee to which Mr D made payments 4,5 and 7-9. But in the absence of clear evidence that Mr D interacted with the social media handles or websites named in the warning, my view remains that I can't be satisfied, on balance, that the entity named in the warning and the payees of payments 1,4,5 and 7-9 were one and the same, or that they were connected.

Having considered the complaint alongside Mr D's further comments, I remain of the view that I haven't seen sufficient evidence to persuade me that payment 1 was made to a scammer. So my view remains that I can't fairly require Lloyds to refund it.

Mr D has made further comments about the research he carried out into the apparent investment opportunity, but I don't need to discuss that here, as I concluded, in any event, that it wasn't fair to say that he lacked a reasonable basis for belief that the apparent investment opportunity was genuine.

Payments 2 to 11

As I said in my provisional decision, payments 2-11 aren't covered by the CRM code. I explained that in order to require Lloyds to refund them, I'd need to be satisfied that it ought to have been concerned that Mr D was at risk of financial harm from fraud, and so ought to have intervened when he made the payments. And I explained why I didn't think there were enough warning signs about any of the payments that it could fairly be said that Lloyds ought to have intervened.

Mr D has commented that my provisional decision not to uphold the complaint was based primarily on an absence of evidence to support what he'd told us. But it was this more fundamental point - that I didn't think that Lloyds could reasonably have been expected to intervene - which was at the heart of my provisional decision regarding payments 2-11. Even if I were to accept (which, for the reasons I've explained, I don't) that there was incontrovertible evidence that those payments were made to a scam, I couldn't require Lloyds to reimburse Mr D unless I also considered that it should have prevented his loss.

Mr D has reiterated his belief that the fact that Lloyds had returned a payment for £49.99 to G should have led it to intervene when he made a further payment to the same payee. He says *"By receiving a direct consumer dispute and subsequently processing "Dispute refunds" for an entity bearing the Scammer's name, [Lloyds] was placed on strict, actual notice of a problem with this merchant"*.

In my provisional decision, I commented that I had no information about why the payment had been refunded, other than that it was marked as a "Dispute refund" on Mr D's statement. But I said there was no evidence to show that the refund was anything to do with a scam, and that this seemed unlikely, in any event, given that it wasn't until some considerable time after he made the payments that Mr D came to consider that he'd been scammed. And I said that I couldn't reasonably say that Lloyds should have intervened purely because there'd been a dispute about a previous payment to the same payee.

In response to my provisional decision, Mr D has stated that the transactions were refunded because he'd contacted Lloyds to raise a dispute regarding G. But he's neither said that the refund was made for reasons connected with a scam, nor provided any evidence to suggest that it was. My view remains that the mere fact that he'd disputed a previous payment or payments to the same merchant doesn't mean that Lloyds ought automatically to have intervened when Mr D authorised a further payment to that merchant. It's clear that Mr D disagrees with my view on this point. But I'm afraid he hasn't said anything that makes me change my mind.

I explained in my provisional decision why I didn't think Lloyds could fairly have been expected to intervene when Mr D made any of the payments. So it remains my view that I don't think it could reasonably have been expected to prevent Mr D's loss. Nor, for the reasons I previously set out, do I think that Lloyds could have done more to recover Mr D's money.

It's clear that Mr D has put considerable time and effort into his complaint, and I'm sorry that he's bound to be disappointed with my decision, but for the reasons I've set out, I'm not persuaded that I can fairly uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 15 May 2026.

Juliet Collins
Ombudsman