

## **The complaint**

Mr P complains that Lloyds Bank Plc (as the recipient bank) didn't do enough to prevent him losing money to what he says was a scam.

Mr P has used a representative to bring his complaint. But for ease of reading, I'll mostly just refer to Mr P and will also ascribe the representatives' comments to him.

## **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. In April and May 2019 Mr P made three payments each of £50,000 from his own accounts. He says at the time he believed this was a legitimate investment with a company I'll refer to as 'H', but he now believes it was a scam. He says he received a total of £18,000 in return and he is seeking his outstanding loss of £132,000 from Lloyds.

In January 2024 Mr P complained to Lloyds. He alleged they'd failed in a variety of ways in relation to the recipient account and that this had caused his loss. Lloyds effectively said they didn't think Mr P had been the victim of a scam, they considered his payments to be towards a failed investment. One of our Investigators didn't think we could consider all of Mr P's complaint. And for what he could consider, he didn't recommend that the complaint should be upheld. Mr P didn't accept this and asked for an Ombudsman to make a decision.

I've already issued a jurisdiction decision explaining that I can only consider Lloyds actions (as they relate to the recipient account) from 31 January 2019 onwards.

## **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.

Lloyds should monitor the accounts they provide and part of this monitoring is with a view to combatting fraud, scams and the misappropriation of funds. But Lloyds aren't expected to intervene in legitimate payments. So one of the things to be considered is whether at the material time H were operating a scam as Mr P alleges. Mr P says he believed he was investing to finance a proposed property development. I've not seen evidence to persuade me that the fundamental purpose of the payments was meaningfully different to what he thought. The evidence is broadly consistent with the intended development of property. So overall, I don't think the available evidence supports that H 'scammed' Mr P. And in this situation, there wouldn't be a reasonable basis upon which I could have expected Lloyds to have intervened in the operation of H's account or to have prevented Mr P's money from being sent on.

But as our Investigator has explained, even if I'm wrong on the above point and it could conclusively be shown that H were operating a scam, this wouldn't change my mind as to the outcome of this complaint for the reasons I'll come to.

In order for me to make an award to Mr P I'd need to be persuaded that there had been a failing by Lloyds which could fairly be said to have caused his loss or a part of it. I've thought about what Lloyds knew about H, alongside the type of account it held and the nature of the business it was engaged in. There was no meaningful adverse information about H in the public domain at the time and Lloyds hadn't received any notifications of a fraud or scam in relation to the account. There was also nothing unusual or suspicious about the arrival and sending on of Mr P's funds. So taking all of this together, I don't think there were any failures by Lloyds in their monitoring of the account that I could fairly and reasonably say were the cause of Mr P's loss.

I've also looked at the actions Lloyds took upon being notified of the fraud. Mr P says his own bank would have informed Lloyds, I've not seen any further evidence to support this. Lloyds say the first they knew of a problem with the payments was when the complaint was raised in January 2024. So I think it's most likely that Lloyds didn't know of the problem with Mr P's payments until 2024. And given so much time had passed (since April / May 2019) I don't think there was anything they reasonably could've done to assist with recovery at that point. Indeed, the evidence I've seen shows Mr P's payments were all spent / transferred from the account within a couple of weeks of having been received.

For completeness, Mr P has also mentioned the Lending Standards Boards contingent reimbursement model or CRM Code as a potential reason why he should be compensated by Lloyds. But the CRM was introduced and only applies to payments made on or after 28 May 2019. And all of Mr P's payments pre-date this. So the CRM code can't be used as a basis to tell Lloyds they need to do more.

I'm sorry Mr P has lost money, but as I don't think this is something I can fairly say Lloyds are responsible for, there isn't a reasonable basis upon which I can require them to do more to resolve this complaint.

### **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 P to accept or reject my decision before 19 December 2024.

Richard Annandale  
**Ombudsman**