DRN-3174532

The complaint

G, a limited company, complains that Lloyds Bank PLC – as the receiving bank – failed to take effective steps to prevent its loss when G sent money to Lloyds' customers' accounts as the result of a scam.

G is represented in this complaint by Mr P, the company's director, and a legal representative. But for ease of reading, I'll mostly refer to G throughout my decision.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief summary here.

In February 2019 G sadly fell victim to an email interception scam and was tricked into transferring money from its account with 'Barclays' to two accounts held with Lloyds. Some of the funds were recovered and returned, but a loss of around £311,000 remains.

G believes Lloyds and Barclays are jointly responsible. A linked complaint about the actions of Barclays has been looked into together with this one and is being decided under a different complaint reference. G would like a refund of the outstanding loss; an interest award to be made for the time it's been without the funds; compensation for the stress and worry caused; and reimbursement of the legal costs that have been incurred in bringing these complaints.

Lloyds didn't uphold G's complaint. In summary it said it couldn't agree to a refund as it has found no errors in its handling of the recipient accounts and the payments received from G.

G's complaint was considered by one of our Investigators. She didn't recommend that the complaint should be upheld. As G didn't agree, the matter was reviewed by my colleague Ombudsman, who has issued two provisional decisions in relation to this complaint. The first dated 13 January 2022 set out his thoughts on our jurisdiction, this being the aspects of G's complaint against Lloyds that we can – and can't – look into. The second dated 15 February 2022 explained that he was intending on partially upholding G's complaint against Lloyds – but did not intend on making an award.

Lloyds responded to the Ombudsman's first provisional decision saying that it had nothing further to add and no objections to the conclusions reached by the Ombudsman. But no response was received from Lloyds in relation to the Ombudsman's second provisional decision.

G didn't agree. It made further detailed submissions.

As the parties are aware, the complaint was passed to me to determine.

I wrote to both parties on 26 September 2022 setting out the extent of the issues we are able to consider, for the avoidance of ambiguity and so that both parties are clear about the scope of what we can and can't look into. In short, I explained:

- The Financial Ombudsman Service isn't free to consider every complaint referred to it. One of the requirements is that it can only consider a complaint if it is brought by or on behalf of an 'eligible complainant'. Part of the test to be considered an eligible complainant requires G, to have with Lloyds, one of the relationships specified in DISP and for the complaint to arise from matters relevant to that relationship.

- G's complaint against Lloyds is about the actions it took in relation to third party accounts that received payments it had sent. So, the relevant relationship under which G is an eligible complainant is DISP 2.7.6R(2B), which was introduced and came into effect on 31 January 2019.

- Part of G's complaint is about the opening of the accounts which received its funds. Any failures in relation to the account opening (under the DISP 2.7.6R (2B) relationship) requires that those failures took place on or after 31 January 2019 – which is not the case here as Lloyds have evidenced that both recipient accounts were opened before that date. It follows we do not have the power to comment on or investigate Lloyds' actions when opening the recipient accounts. Similarly, any activity on those accounts that might potentially have warranted intervention by Lloyds, but that took place before 31 January 2019, can't be considered.

- My considerations about G's complaint are limited to Lloyds' acts or omissions on or after 31 January 2019.

Both Lloyds and G responded to say they accept the Financial Ombudsman Service's jurisdiction as set out in my provisional jurisdiction decision dated 26 September 2022. To formalise that outcome, I issued a jurisdiction decision on 21 October 2022.

On 16 June 2023 I issued my provisional decision about the aspects of G's complaint I could consider. I said:

"Firstly, I appreciate G would really like to know, and has on several occasions asked for an explanation of why and how different case handlers have come to different outcomes. I can absolutely see how this can have an impact on its confidence in our service's function. Having said that, the purpose of sharing preliminary assessments, before progressing to a final decision, is to help refine the issues by enabling the parties to have their say and this helps our service arrive at a fair and reasonable decision. The issues raised in this case are complex by nature. They can be approached from multiple, and sometimes competing perspectives. Understandably of all the answers given, G agrees with the answer that is most favourable to its position. But I'm not bound by the outcomes reached by our Investigators, nor those that my colleague Ombudsman indicated he was minded to reach in his provisional decisions. Ultimately, I'm required to review the facts of a case and reach my own conclusion, independently. And the purpose of my decision is to explain my determination and why I consider it to be a fair and reasonable outcome – not explain why my colleagues may have come to different conclusions.

Of course, in reaching my decision I am 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 relevant time. But ultimately my role as an Ombudsman is to determine a complaint by reference to what is, in my opinion, fair and reasonable in all the circumstances of the case.

G has made lengthy and detailed submissions in support of its complaints. I've reviewed all the material it has submitted. But I'm not going to address every single point raised here. Instead, my intended decision will concentrate on what I think are the key issues. I'd like to assure G no discourtesy is intended by this. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I'll start by addressing G's request for its complaints against Lloyds and Barclays to be considered together and setting out the approach I intend on taking.

Our service's ability to investigate complaints together and apportion the burden of redress between respondents is the subject of no specific rule and only limited guidance, which can be found in the Financial Conduct Authority (FCA) Handbook at DISP 3.5.3G and DISP 3.6.3G, which say:

DISP 3.5.3G. "Where two or more complaints from one complainant relate to connected circumstances, the Ombudsman may investigate them together, but will issue separate provisional assessments and determinations in respect of each respondent."

DISP 3.6.3G. "Where a complainant makes complaints against more than one respondent in respect of connected circumstances, the Ombudsman may determine that the respondents must contribute towards the overall award in the proportion that the Ombudsman considers appropriate."

Here as the circumstances of G's complaint against Lloyds are so closely linked ("connected") with its complaint against Barclays I'm minded to agree with G that a fair approach would be to look into these complaints together; but I should then make separate decisions.

I understand G feels the Financial Ombudsman Service has jurisdiction over both respondents and could, if it chooses, decide to treat the complaints as a single merged complaint, so that the respondents are treated as a single entity. I note G also suggests that I issue a determination concerning both respondents' acts or omissions and make a "joint and severable finding against both banks", and it would then be for the respondents to choose to pay half of the award each, alternatively one of them can pay the entire award and claim back from the other an appropriate amount. But G hasn't persuaded me, nor can I see any reasonable or proper basis for me to depart from the guidance found in DISP 3.5.3G and DISP 3.6.3G. That is because normally firms are only responsible for their own acts and omissions, and under the rules which govern this service a complaint must be framed by the complainant against a firm, based on its own acts and omissions, and decided by an Ombudsman accordingly. Whilst there are some exceptions to that rule, for example where a firm accepts responsibility for an agent, appointed representative, or predecessor firm, none of these apply between the banks involved in these two linked complaints, which are separate organisations answerable only for their own acts and omissions. So, each bank is entitled to receive a decision concerning the complaint that has been made against it and I don't consider it would be appropriate, or even open to me, to deal with them in the way G suggests.

The facts

I can see on several occasions G has commented that the sequence of events has not been fully understood. In fact in response to the provisional decision issued by my colleague Ombudsman G says that he's made an error in calculating the initial sum that was lost.

G said, "whilst four payments of £50,000 (totalling £200,000) were attempted, only £100,000 was actually sent to the account at Lloyds because the third and fourth payments of £50,000 were reversed as a result of alerts by Lloyds."

I can't see that G has provided any conclusive evidence in support of its assertion. Ultimately, what it has said appears to be largely based on G's director's recollection of the events – some of which I do think is supported by the evidence. But also, some of which isn't, where I'm more persuaded by the technical evidence I've seen (such as Lloyds and Barclays' system logs and transaction data). But since much has been made about the chronology of the payments and events, I've set out below what I understand to have happened, and when, based on the evidence available to me.

All the below payments were made from G's account with Barclays to two accounts held with Lloyds. I'll refer to the recipient accounts as account 'X' and account 'Y'.

Payment Number	***Recipient Account***	***Payment Channel***	***Date***	***Time the Payment was Processed (approx.)***	***Amount***
Payment 1	*X*	*Online*	*12 February 2019*	*11.02am*	*£50,000*
Payment 2	*X*	*Mobile*	*12 February 2019*	*11.34am*	*£50,000*
Payment 3	*X*	*Online*	*13 February 2019*	*9.42am*	*£50,000*
Payment 4	*X*	*Mobile*	*13 February 2019*	*9.42am*	*£50,000*
All the above payments credited the recipient account. There was spending following receipt of the payments (which I've detailed later on in my decision). *Lloyds placed blocks on account X around 12.00pm on 13 February 2019. This resulted in payments 5 and 6 being returned to G's account with Barclays.*					
Payment 5	*X*	*Mobile*	*14 February 2019*	*8.30am*	*(£50,000) Payment was returned*
Payment 6	*X*	*Online*	*14 February 2019*	*8.42am*	*(£50,000) Payment was returned*
G received an email on 14 February 2019, informing it about the change in account details. The payments which followed were made to new account details. This account was also held with Lloyds.					
Payment 7	*Y*	*Online*	*15 February 2019*	*10.28am*	*£50,000*
Payment 7 appears to have been instructed on 14 February 2019 at 12.33pm. Barclays contact notes say it spoke to G's director on 15 February 2019 at around 10.30am. The above payment was confirmed as genuine and released.					
Payment 8	*Y*	*Online*	*15 February 2019*	*10.34am*	*£50,000*
Barclays contact notes say it spoke to G again on 15 February 2019 at around 2.30pm. Blocks removed.					
Payment 9	*Y*	*Mobile*	*16 February 2019*	*9.21am*	*£50,000*
Payment 10	*Y*	*Online*	*16 February 2019*	*5.50pm*	*£50,000*
Payment 10 was instructed on 16 February 2019 at 10.02am. Barclays contact notes show blocks placed on G's online banking were removed on 16 February 2019. This would suggest G spoke to Barclays, likely in relation to the above payment, which would explain the time between instruction and execution.					

Payment 11	*Y*	*Mobile*	*17 February 2019*	*9.45am*	*£50,000*
Barclays contact notes show on 18 February 2019 it placed blocks on G's account and left a message as it had concerns about the payments made to Lloyds.					
Barclays contact notes show it spoke to G on 19 February 2019, who confirmed payments as genuine.					
Barclays contact notes show G called to report fraud on 20 February 2019. It contacts Lloyds the same day at around 4.00pm.					

Relevant law, regulation and guidance

As I have mentioned, in deciding what is fair and reasonable in the circumstances of the case, I must take into account relevant law and regulation, regulators rules, guidance and standards, and codes of practice: DISP 3.6.4 R. So, I'll briefly summarise some key aspects of these.

A receiving bank isn't normally a service provider to the sending bank's customer, so there isn't any contractual relationship between them and no duty of care has been found to arise at common law. And, as I explain in the next section, the receiving bank's obligation under the Payment Services Regulations 2017 (the PSRs) is to credit the account identified in the payment instruction.

However, in providing their services to the public banks must also operate in a wider regulatory context; and one of the aims of the regulatory system under Financial Services and Markets Act 2000 (FSMA 2000) is to help drive crime out of the United Kingdom's financial system. The FCA is given an "integrity objective" (s 1B(3) FSMA 2000) of protecting and enhancing the integrity of the UK financial system, where "integrity" is defined as including the system not being used for a purpose connected with financial crime (1D FSMA 2000). The FCA's Handbook contains rules by which it promotes this objective, most notably in its Systems and Controls Sourcebook (SYSC).

Under SYSC, banks and other regulated firms must take reasonable care to establish and maintain effective systems and controls for countering the risk they might be used to further financial crime (SYSC 3.2.6 R). Such systems must enable the firm to identify, assess, monitor and manage the risk of its being used to further money laundering, whilst also being comprehensive and proportionate to the nature, scale and complexity of the firm's activities (SYSC 3.2.6A R). This obligation is a continuous one and firms are obliged to assess regularly the adequacy of their systems and controls in this area (SYSC 3.2.6C R). Firms must also have in place adequate policies and procedures for ensuring the firm and its personnel counter the risk that it might be used to further financial crime (SYSC 6.1.1R).

Although the nature of its systems and controls is a matter for each firm to decide, the FCA says they should include money laundering training for its employees, internal reporting to the firm's governing body, policy documentation, and measures to ensure money laundering risk is taken into account in its day-to-day operations (SYSC 3.2.6 G). Firms should also refer to guidance published by the Joint Money Laundering Steering Group ("JMLSG guidance"); and the FCA has regard to whether that guidance has been followed when considering whether the firm has breached its systems and controls rules (SYSC 3.2.6E G).

The FCA itself issues extensive guidance on how to combat financial crime. This can be found within the "Regulatory Guides" section of the FCA Handbook, as "Financial Crime Guide: a firm's guide to countering financial crime risks (FCG)". In relation to money laundering (Chapter 3), the FCG explains the various layers of protections that firms should have in place, starting with their governance, in terms of how responsibilities are allocated and reporting lines arranged; focussing on the Money Laundering Reporting Officer's experience, seniority, resources, access to information, and performance; the risk assessment firms should undertake to establish their exposures; the customer due diligence checks for verifying the identity and beneficial ownership of their customers, as well as ascertaining the purpose and nature of the relationship with the customer; and the firm's ongoing monitoring of the relationship.

The most comprehensive guidance to the UK financial sector on preventing money laundering is that published by the JMLSG. Within this, the sectoral guidance addressed to retail banking identifies the areas of greatest risk for them. It points out that there is a high risk that the proceeds of crime will pass through retail bank accounts (paragraphs 1.3, part 2), and states that identity theft presents an increasing risk but represents a very small percentage of overall business (paragraph 1.4, part 2). Extensive material is provided to help retail banks undertake appropriate customer due diligence. As regards monitoring of the bank's relationships, the guidance states that some form of automated monitoring of customer transactions and activity will probably be required but staff vigilance is also essential for various reasons, including prompt reporting of initial suspicions (paragraph 1.43).

So, I think it reasonable to expect a bank such as Lloyds to have systems that gave it a sound understanding of its customers' business, so far as this concerned the purpose and nature of the banking relationship, and for monitoring accounts for unexpected and potentially suspicious transactions that might be connected to money laundering or other kinds of financial crime and for promptly taking action where such transactions were detected.

Beneficiary name mismatch on receipt of payments

G says that Lloyds should have matched the named payee on one or more of the payment instructions to its own records. Had it done so the irregularities of the transfer would have been observed at that stage. It should have then notified Barclays of the irregularity and required Barclays to provide this information to G. It believes had such steps occurred, the fraud would've been stopped. It's unclear whether G thinks Lloyds should have done so upon receipt of each payment or from the point at which it suspected fraud and returned funds to Barclays. So for avoidance of doubt and completeness I'll provide my thoughts on both.

At the time the payments were made, there was no requirement on receipt of a payment for the recipient bank/payment service provider (PSP) to check whether the named accountholder matched the named payee on the payment instruction.

The relevant regulations, that being the PSRs, set out that a payment is sent according to a 'unique identifier'. This is the key information used to route the payment to the correct destination and payee.

The PSRs define a unique identifier as follows:

" … "unique identifier" means a combination of letters, numbers or symbols specified to the payment service user by the payment service provider and to be provided by the payment service user in relation to a payment transaction in order to identify unambiguously one or both of—

(a) another payment service user who is a party to the payment transaction;
(b) the other payment service user's payment account"

For UK payments this is typically the account number and sort code. Other information may be provided as part of the payment instruction, but this is not part of the unique identifier, unless it has been specified as such by the PSP – which is not the case here.

A payee name is not unique. A PSP could hold multiple accounts for persons with the same name, however, no two payment accounts share the same account number and sort-code – this is unique to that specific payment account. Therefore, typically these details (not a payee's name) are considered the unique identifier.

Section 90 of the PSRs states:

"(1) Where a payment order is executed in accordance with the unique identifier, the payment order is deemed to have been correctly executed by each payment service provider involved in executing the payment order with respect to the payee specified by the unique identifier …

(5) Where the payment service user provides information additional to that specified in regulation 43(2)(a) (information required prior to the conclusion of a single payment service contract) or paragraph 2(b) of Schedule 4 (prior general information for framework contracts), the payment service provider is liable only for the execution of payment transactions in accordance with the unique identifier provided by the payment service user."

The impact of this is that as long as the payee's PSP processes the payment transaction in accordance with the unique identifier provided and the funds are credited to the specified account number and sort-code the payment is considered to be executed correctly.

In August 2019, which is after the events in this case, the Payment Systems Regulator, who are the regulator for the payment systems industry in the UK, directed the UK's six leading banks to introduce a system called 'Confirmation of Payee' (CoP) by March 2020. This system checks the name on the recipient's bank account to provide the payer with confirmation of a match, partial match, or mismatch as part of the payment process to prevent misdirected payments occurring, whether as a result of a mistake or fraud. However, at the material time CoP was not in place and Lloyds' systems like most other PSP's were set up to automatically credit payments received to the account with the corresponding unique identifier. And the checking of the payee's name against the recipient accountholders name was not part of the payment process, nor was it, as I've explained above a requirement under the relevant regulations, the PSRs.

So I can't fairly say that Lloyds did anything wrong when not checking whether the beneficiary name provided as part of the overall payment instruction matched that of the named accountholder at the time of processing the payments.

But I do accept that once Lloyds had, or ought reasonably to have had, concerns that meant it should investigate how the recipient account was being used, it should have identified the mismatch, investigated this further, and, based on the conclusion its investigation yielded, taken the most appropriate course of action.

So I'll now go onto consider whether there were any failings by Lloyds in relation to the account activity (monitoring) which I think would have prevented any of G's loss.

Though all the payments made by G were part of the same scam, it's important to note that these were sent to two different accounts held with Lloyds. These recipient accounts weren't held by the same accountholder and other than being involved in the same scam there was no obvious link between them, so I'll consider Lloyds' acts and/or omissions in relation to each of its customer's accounts separately, starting with the first account – account X, which payments were made to.

Account X

The table below shows when the funds arrived in account X; when they were spent; and what Lloyds were able to recover.

Date	***Type of Payment***	***Payee***	***Time (Approx)***	***Amount***	***Recovered Sum***
12 February 2019	*Account balance before G's funds arrived was £420.69*				
12 February 2019	*Incoming Faster Payment (from G) – Payment 1*		*11.02am*	*£50,000*	
12 February 2019	*Incoming Faster Payment (from G) – Payment 2*		*11.34am*	*£50,000*	
12 February 2019	*Outgoing Faster Payment*	*Payee 1*	*2.32pm*	*£9,800*	
12 February 2019	*Outgoing Faster Payment*	*Payee 2*	*2.53pm*	*£7,500*	
12 February 2019	*Outgoing Faster Payment*	*Payee 3*	*2.55pm*	*£7,450*	
12 February 2019	*Outgoing Faster Payment*	*Payee 1*	*4.26pm*	*£7,800*	
12 February 2019	*Outgoing Faster Payment*	*Payee 3*	*4.29pm*	*£7,400*	
12 February 2019	*Outgoing Faster Payment*	*Payee 2*	*5.03pm*	*£9,500*	*£2,286.58*
12 February 2019	*Outgoing Faster Payment*	*Payee 3*	*7.21pm*	*£7,000*	
12 February 2019	*Outgoing Faster Payment*	*Payee 3*	*8.07pm*	*£7,250*	*£2,972.09*
13 February 2019	*Incoming Faster Payment (from G) – Payment 3*		*9.42am*	*£50,000*	
13 February 2019	*Incoming Faster Payment (from G) – Payment 4*		*9.42am*	*£50,000*	
13 February 2019	*Outgoing Faster Payment*	*Payee 4*	*11.24am*	*£7,500*	*£179.40*

13 February 2019	*Lloyds blocked account around 12.00pm funds remaining in the account at the time were £129,220.69.*				
14 February 2019	*Incoming Faster Payment (from G) – Payment 5*		*8.30am*	*£50,000*	*Payment returned as account blocked.*
14 February 2019	*Incoming Faster Payment (from G) – Payment 6*		*8.42am*	*£50,000*	*Payment returned as account blocked.*

On 13 February 2019 Lloyds themselves intervened in account X based upon the activity it saw. This happened a few hours after payments 3 and 4 were received. This resulted in payments 5 and 6 not being accepted and being returned to G's account with Barclays, and ultimately £134,658.76 derived from payments 1 to 4 being recovered as detailed in the table above and returned to Barclays in August 2019. So G's outstanding loss in relation to the payments it made to account X is £65,341.24.

I've reviewed the operation of the account, along with what was known to Lloyds about its customer and the intended and expected use of the account, and I agree with my colleague Ombudsman's findings that whilst the steps it took did prevent some of G's loss, Lloyds ought to have identified the account activity as suspicious and intervened sooner than it did.

Albeit the point at which I think Lloyds ought to have intervened is different.

So, of the loss outstanding, how much could Lloyds have reasonably prevented?

Naturally with the benefit of hindsight it's easy to say Lloyds could have prevented all of it. But when reviewing such matters, I must think about what was known to Lloyds at the time – not what we know today. I must also have regard to the significant volume of transactions that take place daily; it simply wouldn't be practical for Lloyds to stop and check each and every payment it accepts onto, or that leaves, its customer's accounts – especially if it's not unusual in the context of the account activity (or expected account activity). Its systems and controls have to strike a balance between monitoring accounts with a view to preventing fraud without unduly hindering its customer's general use of their accounts. And even if I do think Lloyds should have intervened, I must also consider what intervention at that stage should have looked like (proportionality is key); and whether this would've made a difference, preventing subsequent losses.

The account was newly opened for business purposes, and as such receipt of money into the account in of itself is not unexpected, and in these specific circumstances I don't think there was a basis upon which I can fairly say Lloyds ought to have intervened on receipt of the payments into the account on 12 February 2019. However, I do think the size of the incoming payments should have fed into a heightened alertness about the account.

So with that in mind, I've considered the payments leaving the account. And in the context of the nature of the account; the likely use of such an account; and with there being nothing obviously suspicious about where the payments were being sent, I don't think there was a basis upon which I can fairly conclude that the first two payments from the account would have given Lloyds enough of a cause for concern about possible misappropriation of funds. But Lloyds should have, in my opinion, acted when it was asked to make the third payment of £7,450 to payee 3. By this point I think Lloyds ought to have had concerns about the legitimacy of the activity on its customer's account, since:

- *The account was relatively recently opened. Newly opened accounts can present a greater risk of being used in connection with fraud and scams.*

- *Two large payments, totalling over £17,000, to two different payees, had been made in the preceding 30 minutes. With the third, also to a different payee, which would have taken the total spend to just under £25,000 in just over 30 minutes.*

- *The payment to payee 3 was also being made to a financial business that is considered higher risk due to it providing pre-paid card account services. It's commonly known by banks that pre-paid card accounts are vehicles that fraudsters often use to disperse fraudulently obtained money. So, payments being made to financial businesses, that offer such services, present an additional risk to the transaction. This being something it's monitoring systems ought to have identified. Further a sum of £7,450, in my opinion, is an unusually large sum to potentially be moving to a pre-paid card.*

- *And even if Lloyds were to argue in 2019 its monitoring systems weren't set up in a way where it could have easily identified the nature of the payee's business i.e., prepaid card account services. I still think the combination of large incoming credits on a newly opened account and the pattern of spending which followed was enough for Lloyds to have placed a freeze and block on the account at this earlier point. And instead, the above point about payee 3 would have emerged as part of its investigation into the account.*

Had Lloyds intervened at this point and blocked the payment from leaving, in addition to the above, it would have also spotted other red flags:

- *a beneficiary name mismatch on the incoming £50,000 payments; and*

- *that the activity observed on the account, even at this earlier point, differed from what Lloyds knew about its customer and expected use of the account.*

So I think it's fair to say that had Lloyds taken the step of blocking and investigating account X at an earlier point, excluding the first two payments, it could have prevented the loss of the remaining funds which credited the account. In my considerations of the linked complaint about Barclays, I'm intending to find that Barclays was not at fault in relation to any of the payments sent to account X. As such Lloyds alone are responsible for the preventable loss of £48,041.24. This being the sum of G's money it could've stopped from being paid away (£182,700) less money it has recovered and returned (£134,658.76).

I've also carefully considered whether this award should be reduced to reflect any contributory negligence on the part of G in relation to making the payments to account X – and I don't think it should. It is clear that at the time of making the payments to account X, G believed the payments were being sent to the firm it was investing with. G has not been able to share with our service all the emails sent by the fraudsters that were purporting to be the party G believed it was communicating with. It says the technology which the fraudsters employed caused these emails to be deleted. It has however managed to share with us emails it obtained from the genuine firm that were sent, but never received, and one email that was sent by the fraudsters. The example email sent shows the email address used by the fraudsters was very similar to the genuine firm G was dealing with – there was just one letter difference – something which I wouldn't have reasonably expected G to have easily identified. All other aspects of the email had all the hallmarks of what G would have expected to see from the genuine firm. And the scam warnings given by Barclays when the payments were made, were online, and not pertinent to the scam G was falling victim to. Considering all the above, I don't think it can fairly be said that G was negligent when

instructing the payments to account X.

I've addressed whether any interest is payable further on in the section headed – "Interest, compensation for distress and inconvenience and reimbursement of legal costs".

G thinks there were failures by Lloyds in the action it took once it had suspicions about the activity it observed (or as I've found should've identified earlier) on account X that impacts the loss which then followed from the payments G made to the second account – account Y. Simply put, it says Lloyds ought to have shared it's concerns (including the beneficiary name mismatch) about account X with Barclays, for it to have communicated this to G. Had it done so, the scam would have quickly unravelled, and G would not have transferred the remaining £250,000. For this reason, it argues that Lloyds' can be held liable for all the losses arising from account Y. G has also questioned whether, in light of its suspicions and the return of funds to Barclays (in relation to account X), should Lloyds have gone further and contacted G to establish who it was paying and the purpose of the payments?

I understand why G has questioned this, but I don't think Lloyds ought to have done any of these things, as G is not its customer. At the relevant time, there were no obligations nor any requirements for a recipient bank to directly contact the payer of funds received into their customer's account. Generally, if a recipient bank was to identify concerns, its role was limited to taking appropriate action on its own customer's account. As part of its investigations, of course it may contact the remitting bank to obtain information about the purpose of the payments received into its customer's accounts. But it is not responsible for the steps the payer's bank takes (or fails to take).

I understand G feels strongly that whilst Barclays were materially at fault in the manner in which it made enquiries of G, this does not excuse Lloyds' actions. It considers it to be highly relevant to know what information was passed between the banks prior to G making all the payments, to know what should have been shared with G. But sometimes information (particularly contemporaneous evidence) is not available, and the evidence that is, might be incomplete, inconclusive or contradictory – as is the case here. In such situations I'm required to reach an outcome on the balance of probability. This means I have to decide what I think is most likely to have happened, based on the evidence that is available to me – which is what I have done here. And in the circumstances of G's case, whilst the evidence is limited and unclear about what exactly was communicated to Barclays, I'm satisfied from what I've seen that it is most likely that Lloyds contacted Barclays on 13 February 2019 asking it to "verify the funds".

At the initial stages of Lloyds' investigations into the operation of its customer's accounts, I think it was sufficient for it to be making an enquiry to Barclays, asking it to confirm the nature of G's payments to account X. I wouldn't reasonably have expected it to share any information about the account with Barclays at this stage. So my only criticism of Lloyds in relation to account X is that it ought to have blocked the account earlier than it did, and its failure to do so has resulted in a loss of some of the money G paid to account X.

Account Y

The table below shows when the funds arrived in account Y; when they were spent; and what Lloyds were able to recover.

Date	*Type of Payment*	*Payee*	*Time (Approx)*	*Amount*	*Recovered Sum*
15 February 2019	*Account balance before G's funds arrived was £164.19*				
15 February 2019	*Incoming Faster Payment (from G)*		*10.28am*	*£50,000*	
15 February 2019	*Incoming Faster Payment (from G)*		*10.34am*	*£50,000*	
15 February 2019	*Outgoing Faster Payment*	*Payee 1*	*12.02pm*	*£14,500*	
15 February 2019	*Outgoing Faster Payment*	*Payee 2*	*12.04pm*	*£14,250*	
15 February 2019	*Outgoing Faster Payment*	*Payee 3*	*1.29pm*	*£9,500*	
15 February 2019	*Outgoing Faster Payment*	*Payee 2*	*1.54pm*	*£13,200*	
15 February 2019	*Outgoing Faster Payment*	*Payee 2*	*3.27pm*	*£14,200*	
15 February 2019	*Outgoing Faster Payment*	*Payee 2*	*4.43pm*	*£7,500*	
15 February 2019	*Outgoing Faster Payment*	*Payee 1*	*5.56pm*	*£9.750*	
15 February 2019	*Outgoing Faster Payment*	*Payee 2*	*5.58pm*	*£7,498*	
15 February 2019	*Outgoing Faster Payment*	*Payee 2*	*7.03pm*	*£8,999*	
15 February 2019	*ATM Withdrawal*			*£400*	
16 February 2019	*Incoming Faster Payment (from G)*		*9.21am*	*£50,000*	
16 February 2019	*Outgoing Faster Payment*	*Payee 3*	*10.47am*	*£9,850*	
16 February 2019	*Outgoing Faster Payment*	*Payee 2*	*10.49am*	*£14,700*	
16 February 2019	*Outgoing Faster Payment*	*Payee 2*	*1.39pm*	*£9,500*	

16 February 2019	*Outgoing Faster Payment*	*Payee 2*	*2.57pm*	*£14,150*	
16 February 2019	*Incoming Faster Payment (from G)*		*5.50pm*	*£50,000*	
16 February 2019	*Outgoing Faster Payment*	*Payee 4*	*9.39pm*	*£405*	
17 February 2019	*Incoming Faster Payment (from G)*		*9.45am*	*£50,000*	
17 February 2019	*Outgoing Faster Payment*	*Payee 3*	*11.30am*	*£9,710*	*£23.82*
17 February 2019	*Outgoing Faster Payment*	*Payee 2*	*11.31am*	*£14,000*	
17 February 2019	*Outgoing Faster Payment*	*Payee 1*	*1.49pm*	*£9,850*	
17 February 2019	*Outgoing Faster Payment*	*Payee 4*	*2.44pm*	*£5,000*	
17 February 2019	*Outgoing Faster Payment*	*Payee 2*	*2.45pm*	*£9,800*	
17 February 2019	*Outgoing Faster Payment*	*Payee 4*	*3.46pm*	*£3,000*	
17 February 2019	*Outgoing Faster Payment*	*Payee 2*	*5.34pm*	*£12,250*	
17 February 2019	*Outgoing Faster Payment*	*Payee 2*	*6.57pm*	*£14,600*	*£43.29*
17 February 2019	*Outgoing Faster Payment*	*Payee 4*	*7.27pm*	*£9,900*	*£4005.54*
17 February 2019	*Outgoing Faster Payment*	*Payee 1*	*8.17pm*	*£5,785*	*£5.01*
17 February 2019	*Debit Card Payment*			*£7,866*	
18 February 2019	*Lloyds blocked account funds remaining in the account at the time were £1.19.*				

On 20 February 2019, G reported the fraud to Barclays, who notified Lloyds the same day, at which point only a small sum remained in account Y.

A total sum of £4078.85 has since been recovered out of the payments made to account Y and returned to G.

So G's outstanding loss in relation to the payments it made to account Y is £245,921.15.

I've found Barclays could and should, with a proper scam warning, have prevented all payments to account Y. Accordingly it is responsible for a loss to G of £245,921.15. But to reach an outcome that is fair and reasonable in all the circumstances I must also think about Lloyds' actions and whether it too could have reasonably prevented any of G's loss arising from payments it made to account Y.

I've reviewed all the activity that took place (after 31 January 2019) on account Y and I think with the exception of the first payment of £14,500 Lloyds should have prevented further funds from leaving that account. In this case, again, account Y was relatively newly opened for business purposes, with limited history of transactional activity before the arrival and spending of G's funds. And in the context of the nature of the account; the likely use of such an account; and with there being nothing obviously suspicious about where the first payment was being sent, I don't think I can fairly conclude that the activity before and including the first payment leaving the account would have given Lloyds enough of a cause for concern where I'd have expected it to have blocked the account. But I do think this activity should have flagged and fed into a heightened alertness about the account in question. And this should have, in my opinion, resulted in Lloyds intervening by blocking the account when it was asked to make the second payment to payee 2 as this was within minutes of the first payment being made and it was a sufficiently large sum being sent (significantly) to a pre-paid card account.

Had Lloyds intervened at this point (even just to make an enquiry), in addition to the above, it would have spotted other red flags, such as:

- *a beneficiary name mismatch on the incoming £50,000 payments; and*

- *that the activity observed on the account differed from what Lloyds knew about its customer and expected use of the account.*

So, in my opinion Lloyds and Barclays are both at fault and jointly responsible for a loss to G of £231,421.15.

Again, I've carefully considered whether an award for this loss should be reduced to reflect any contributory negligence on the part of G in relation to the making of the payments to account Y – and I think it should. I'll explain why.

G has made a number of varied submissions in relation to what it thinks about a deduction for contributory negligence – most predicated on, and in response to, the thoughts of our Investigators and my Ombudsman colleague. Broadly speaking it ranges from no deduction from any redress that is due on the grounds of contributory negligence, to disagreeing with the 50% deduction for contributory negligence stating that it is inconsistent with the deduction made by the court in Singularis Holdings Ltd v Daiwa Capital Markets Europe Ltd [2019] UKSC 50 ('Singularis') and that it should be, if at all, 25%. Even to G saying in response to the provisional decision issued by my Ombudsman colleague that it accepts that it has contributed by way of negligence to its loss, but thinks a reduction should only be made to its loss outstanding from payments it made to account X, not its loss outstanding from payments it made to account Y.

With respect, as my findings markedly differ to those of my colleagues, I will not be addressing every point G has raised about the misapplication of contributory negligence. Instead, I will focus on my findings and explaining the reasons for why I think the award should be reduced and to what extent.

Firstly, the facts of this case are totally different to those in the Singularis case – so I don't agree that a direct parallel can be drawn. The purpose in citing this legal case is to highlight that there are circumstances where it might be appropriate to make a reduction on account of a claimant's (here complainant's) contributory negligence.

I note that apportionment of liability for contributory negligence in such circumstances may not always be confined to simply examining the blameworthiness of G but can also depend on other factors including the conduct of the respondents and the importance of their acts or omissions in causing the loss. But an Ombudsman's award of financial redress must be in an amount that he/she "considers fair compensation for the loss or damage ... suffered by the complainant" (s.229(2) FSMA 2000). So to be absolutely clear, here the award I intend on making is what I consider to be fair, and not applying the law (which, anyway, couldn't apply here because I am not considering two legal claims, let alone two legal claims based upon breaches of a legal duty of care).

With that being said, I agree with my colleague Ombudsman that I think it's reasonable to have higher expectations of a micro-enterprise engaged in activity for commercial gain, such as G, compared to a consumer. And as a company which fairly regularly deals with movements of large sums of money, I also agree that its director can reasonably be expected to educate himself as to the risks he might come across in the course of his business (including scams). G says its director ought to be viewed more as a consumer or a layperson and has made submissions in support of this. I've considered everything G has shared (throughout the time the case has been with our service), along with information that is available publicly about G, and I think it's fair that the expectations on G as a limited company (including its director) are slightly higher.

G cannot provide a copy of the email it received from the fraudsters asking for the payment to be made to different account details. In its original submission G said it:

"… had received, and believed, an email purportedly from [investment firm] (but in fact sent by the fraudsters) asserting that the original account was "full" and that future funds should be sent to a different account, for which details were provided."

It then went onto say:

"… Barclays did not warn G that an email stating that a designated bank account was "full" was suspicious, and that it could have been an attempt by fraudsters to continue their fraud using a new account in circumstances where the account which the fraudsters had hitherto been using had fallen under suspicion from Lloyds on the previous day (14 February 2019), to the extent that Lloyds has returned payments to that account."

I appreciate it has subsequently explained that G was given a plausible explanation for the change in the beneficiary account details, namely that the first investment opportunity had been fully subscribed and another had opened up, requiring the use of a different account. But this was in response to our Investigator and Ombudsman referring to this evidence as part of their reasoning for making a deduction for contributory negligence. And if it were true that "the investment opportunity was full (i.e. fully subscribed) and that a new investment opportunity of a similar nature had opened but required a different bank account", given the nature of the investment G was partaking in I'd reasonably have expected it to have been issued with a revised contract/agreement and as a minimum a new loan note with the terms of the new investment opportunity. G hasn't provided any such evidence in support of its claim.

In the absence of the email G received containing the new account details or any evidence which might corroborate the explanation G has more recently provided I'm more persuaded by G's initial submissions as to the reason for the change of account. And I think it's most likely that in response to payments 5 and 6 to account X being returned G was simply told that the original account was "full" and that future funds should be directed to new account details. And even if G understood this to be that the subscription was "full" that still wouldn't have explained why payments were returned by Lloyds – as I'd expect G to know that a bank account would not get full.

I think it's reasonable to expect an experienced business, like G, who regularly invests in this way to realise that something isn't right when: unexpectedly being told an account is "full"; payments were returned by the recipient bank without explanation; and being questioned by Barclays about the nature of the payments. I think altogether there was enough going on that G reasonably ought to have had concerns at the time of instructing the payments to account Y and it should have looked into the reason for the change of account details before making these payments. I think any such reasonable investigation by G would most likely have led to its uncovering the fraud.

So I must have regard for G's share of responsibility in the loss it has suffered. And whilst I've held G to a slightly higher level due to the nature of its business and the specific circumstances of this scam, I do acknowledge that there remains an imbalance in knowledge and experience between G and the banks. So in deciding how much the reduction for G's negligence should be, I have taken into account the differing levels of experience between G and the banks as well as the banks obligation to prevent fraud and scams. Taking all of this together I think in the circumstances of this case a reduction of 25% for G's share in the responsibility for the loss of £231,421.15 that both Lloyds and Barclays are also responsible for is fair.

Then comes the question of apportionment of the award and what each respondent should fairly be directed to pay. And in this case, I think it would be appropriate for the award to be split equally as both Lloyds and Barclays have failed in what could and should have reasonably been expected of them as regulated firms and I can't see that either of them is more at fault than the other (albeit for different reasons) in respect of G's loss, or more the cause of it.

So, the total sum I intend on directing Lloyds to pay G for losses arising from payments sent to account Y is £86,782.93. This figure is derived in the following way:

In relation to account Y, the loss which both Lloyds and Barclays could've prevented is £231,421.15, a 25% reduction for contributory negligence means £173,565.86 is payable and I'm intending to apportion that as a 50/50 split between Lloyds and Barclays with each paying £86,782.93.

Again, I've addressed whether any interest is payable further on in the section headed – "Interest, compensation for distress and inconvenience and reimbursement of legal costs".

Sharing of recipient (payee) details

Part of G's complaint is that Lloyds has failed to share with it the recipient accountholders details.

Regulation 90 of the PSRs says the following:

"90.— Incorrect unique identifiers

(1) Where a payment order is executed in accordance with the unique identifier, the payment order is deemed to have been correctly executed by each payment service provider involved in executing the payment order with respect to the payee specified by the unique identifier.

(2) Where the unique identifier provided by the payment service user is incorrect, the payment service provider is not liable under regulation 91 or 92 for non-execution or defective execution of the payment transaction, but the payment service provider—

(a) must make reasonable efforts to recover the funds involved in the payment transaction; and
(b) may, if agreed in the framework contract, charge the payment service user for any such recovery.

(3) The payee's payment service provider must co-operate with the payer's payment service provider in its efforts to recover the funds, in particular by providing to the payer's payment service provider all relevant information for the collection of funds.

(4) If the payer's payment service provider is unable to recover the funds it must, on receipt of a written request, provide to the payer all available relevant information in order for the payer to claim repayment of the funds.

(5) Where the payment service user provides information additional to that specified in regulation 43(2)(a) (information required prior to the conclusion of a single payment service contract) or paragraph 2(b) of Schedule 4 (prior general information for framework contracts), the payment service provider is liable only for the execution of payment transactions in accordance with the unique identifier provided by the payment service user."

In the circumstances of this complaint, I'm satisfied that G entered incorrect unique identifiers for the purposes of triggering the banks' respective duties under Regulations 90(2) to 90(4). I say this because G was due to make payments to invest in a genuine opportunity. The payment had been agreed and was expected. The emails between G and the firm it was dealing with were intercepted, and details changed. So here I consider the investment firm's legitimate bank details to be the correct unique identifier. I say this because – but for the interception and changing of account details – G would've sent the payments to the investment firm's legitimate details.

As an incorrect unique identifier has been entered when making the payment, Lloyds as the payee's PSP have a statutory obligation under regulation 90(3) of the PSRs, which requires it to co-operate with the payer's PSP in its efforts to recover the funds, in particular by providing to the payer's PSP all relevant information for the collection of funds.

Lloyds will have owed its customers, X and Y, a contractual duty of confidentiality. But that duty isn't unqualified, and it doesn't apply where a bank is legally compelled to make disclosure: Tournier v National Provincial and Union Bank of England [1924] 1 KB 461.

I'm aware also and have taken into consideration that data controllers such as Lloyds are required to comply with the principles under the Data Protection Act 2018 (DPA 2018) and UK's General Data Protection Regulation (UK GDPR). And if they do not have a lawful basis for holding and processing personal data (which includes disclosing that information to a third party) they will be in breach of DPA 2018 and UK GDPR, and any individual whose privacy rights have been affected may have a number of rights against them. However, individual privacy rights are not absolute, and the organisation holding the data may have a lawful basis for providing it to a third party in a way that would otherwise be unlawful if the above exemption did not apply.

The regulations set out above require disclosure of data, so Lloyds will therefore have a lawful basis for disclosure, being compelled to do so under regulation 90(3) – but only to the payer's PSP and where it can be said that it did so to assist the payer's PSP in its effort to recover the payer's funds. And I think any disclosure of information would be limited to only that which is necessary to comply with regulation 90(3). That information may depend on the circumstances but will normally include the recipient accountholders name and an address at which a legal notice can be served, as this is normally all that is required to start civil proceedings to claim repayment of funds.

I can see G has asked both Lloyds and Barclays for information about the recipient accountholders. But where third-party information has been requested directly by G, rather than by Barclays, Lloyds is bound by its contractual duty of confidentiality and privacy laws, and it ordinarily would not have a legal basis upon which it can share this information directly with G. I too haven't seen any evidence that Barclays have requested this information from Lloyds. So in such circumstances I can't say that Lloyds have done anything wrong by not sharing the recipient accountholder's details.

Interest, compensation for distress and inconvenience and reimbursement of legal costs

Given my finding above that Lloyds should refund G for some of the loss it has suffered, I next need to consider what interest (if any) Lloyds should add to this amount to compensate G for the period it was without these funds. Our usual approach where the cost of being deprived of the funds is intangible, is to apply a simple interest rate of 8% broadly to reflect the opportunity cost of being without the funds.

The previous Ombudsman thought no provision for interest was required: He said: "it seems that G were able to borrow the funds (at no cost to itself) to meet its investment obligations. As such I'm not persuaded that G have suffered a loss by being without those funds and I don't deem an interest award to be appropriate."

In response to which, G points out that it is contrary to the practice of our service not to include an award of interest where it is established that a loss has been suffered.

I've considered the evidence afresh and I don't think that I can reasonably conclude that G suffered no loss because of the deprivation of the funds I intend on awarding for the period up to acceptance (if it chooses to) of my final decision or resulting from not having access to the recovered funds (which also could have been prevented).

G has been without what I consider a significant sum of money for long periods of time. I cannot be certain about the precise cost to G of being deprived of this money because it might have used the funds in a variety of ways. The nature of G's business is to invest when an opportunity arises. So, on balance, I'm satisfied that it would have done something with those funds. And if it were to say it would have invested the money elsewhere, now I think several years on, it would be difficult to say with any certainty what exactly G would have invested in over time (potentially with any number of reinvestments of proceeds) and the return it would have realistically achieved. So, without any compelling reason to depart from our usual approach, I consider it fair and reasonable that Lloyds pays G simple interest at 8% p.a. on the amounts to be refunded.

I also think Lloyds should pay simple interest at 8% p.a. on the sum (£134,658.76) it was able to recover and return in relation to the funds G paid to account X from the date Barclays sent it notification of fraud (20 February 2019) up to (but not including) the date it returned those funds to Barclays. I say this because the Authorised Push Payment (APP) Voluntary Best Practice Standards issued by UK Finance and Financial Fraud Action UK in April 2018, which sets out the standards for sending and receiving banks to follow when processing a claim of APP fraud say that a receiving bank:

- *should have adequate resource available to act "immediately" upon receipt of notification of APP fraud;*

- *be responsible for the investigation of the recipient account;*

- *and should, subject to its investigation, repatriate identified funds back to the sending bank.*

From what I've seen Lloyds concluded its investigation the same day it received APP notification from Barclays and removed the funds which remained (£129,220.69), from account X. Yet there was, without an acceptable explanation, a delay of several months in returning those funds back to Barclays. In addition to this I think all the funds that Lloyds were able to recover in relation to account X would have remained in the account had Lloyds done what I'd have expected it to have done (as explained in my findings set out above). And the latter reasoning forms the basis of me asking Lloyds to pay interest on the total sum recovered (and not simply the sum which remained in the account) by Lloyds.

For clarification, my findings about the interest payable on (1) the sum recovered from account X for the period between Lloyds returning the funds to Barclays and these being received by G and (2) any interest payable on the sum recovered from account Y is covered in my intended decision about G's complaint against Barclays.

G is a distinct and separate legal entity. It is the eligible complainant. So I can only consider the impact on the entity itself, rather than the people bringing its complaint. And as G isn't an individual person, it can't experience distress, pain or suffering. But it can experience inconvenience and damage to its reputation. So for completeness I've considered whether it would be fair and reasonable to direct Lloyds to pay G a compensatory award. In doing so, I've taken into account that Barclays has already paid G £300 in compensation for delays, poor service and lack of communication, and that G's submissions have not commented on such matters in any great detail. With that in mind, I've thought about the overall impact of Lloyds wrongdoings on G and whether it can be concluded that these caused further inconvenience or damage to its reputation where I think it would be fair to make a direction that awards G additional compensation. But from what I've seen I don't think it did. So I won't be asking Lloyds to pay anything further.

And finally, we rarely think it necessary for professional costs to be incurred to raise a complaint with a regulated financial business or to bring a complaint to this service. Here, appointing a professional was something G has chosen to do, rather than a case of where it was a necessity. So I do not intend on asking Lloyds to reimburse G for the legal costs it has incurred in bringing this complaint.

My provisional decision

For the reasons outlined above, but subject to any further information I receive from either G or Lloyds Bank PLC I'm intending to uphold this complaint in part.

To put things right I intend to direct Lloyds Bank PLC to pay G:

- *£86,782.93 (preventable losses from account Y) together with 8% simple interest p.a. Interest should be paid from the mid-date of the payments that could have been prevented, 16 February 2019, until the date of settlement.*

- *£48,041.24 (preventable losses from account X) together with 8% simple interest p.a. Interest should be paid from 16 February 2019, until the date of settlement.*

- *8% simple interest p.a. on the sum recovered from the payments made to account X (£134,658.76) for the period between the 16 February 2019, up to (but not including) the date it returned those funds to Barclays."*

I asked both parties to send me any further comments and/or information they want me to consider.

Lloyds responded to say that it would like to re-iterate that the transactions in question took place in 2019, before the Lending Standards Board's Contingent Reimbursement Model Code ('the CRM Code'). It says the initial deposits to either account would not have aroused suspicion. It says its security systems were triggered promptly in both instances resulting in accounts X and Y being blocked before Barclays notified it of any fraud. It is unfortunate these blocks were not quick enough to protect the entirety of the funds paid by G, however its prompt action was able to prevent a large proportion of the funds being lost. Lloyds said it would not seek to challenge the Ombudsman's view further nor does it have any additional information to supply.

G responded to say it accepts my provisional decision.

So now that both sides have had an opportunity to comment, I can go ahead with 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 note in response to my provisional decision Lloyds have highlighted that G's payments pre-date the CRM Code. I'd like to assure Lloyds that I am fully aware that the disputed payments are not subject to the CRM Code. As explained in my provisional decision, I have asked Lloyds to refund some of G's losses, as I think it could've done more under its regulatory obligations to prevent those. I've also explained why I think it's fair and reasonable that Lloyds and Barclays split any loss (after factoring in any reduction which ought to be made for G's negligence) which they both could've prevented. To be absolutely clear I'm not asking Lloyds or Barclays to reimburse G under the CRM Code.

I appreciate Lloyds have said that the incoming payments wouldn't have aroused suspicion. But I still remain of the opinion that they ought to have. As I've already set out in greater detail in my provisional decision, there are a number of regulatory obligations placed on banks such as Lloyds to prevent their accounts being used to launder money and/or further any other kinds of financial crime. Based on this, my view remains, it is reasonable to expect Lloyds to have systems that gave it a sound understanding of its customers' business, so far as this concerned the purpose and nature of the banking relationship, and for monitoring accounts for unexpected and potentially suspicious transactions (both incoming and outgoing) that might be connected to money laundering or other kinds of financial crime and for promptly taking action where such transactions are detected. Based on what was known to Lloyds about the intended use of the accounts which received G's funds, I still think the size of the incoming payments ought to have flagged and fed into a heightened alertness about the accounts.

I appreciate, and do acknowledge that Lloyds' systems did trigger, but in my opinion they ought to have done so at an earlier point, for the reasons I've explained in my provisional decision.

As neither party has put forward any new evidence, or information which changes my mind. I see no reason to depart from the findings I made in my provisional decision.

Putting things right

To put things right Lloyds Bank PLC must pay G:

- £86,782.93 (preventable losses from account Y) together with 8% simple interest p.a. Interest should be paid from the mid-date of the payments that could have been prevented, 16 February 2019, until the date of settlement.

- £48,041.24 (preventable losses from account X) together with 8% simple interest p.a. Interest should be paid from 16 February 2019, until the date of settlement.

- 8% simple interest p.a. on the sum recovered from the payments made to account X (£134,658.76) for the period between the 16 February 2019, up to (but not including) the date it returned those funds to Barclays.

My final decision

For the reasons given above, my final decision is that I uphold this complaint in part and direct Lloyds Bank PLC to take the actions outlined in the "putting things right" section of this final decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 14 August 2023.

Sonal Matharu
Ombudsman