

The complaint

Mr G is unhappy Lloyds Bank PLC hasn't refunded payments he made from his account to an investment scam.

What happened

Mr G found an advert on social media for company W which related to investing in cryptocurrency. Mr G clicked the link and provided his details and someone from W then called him about investing. He made an initial payment in mid May 2019 to W via debit card for €1,000. He then made four larger payments from late May 2019 to September 2019, starting with a €5,000 payment by debit card, shown on Mr G's statements on 28 May 2019. Mr G later discovered W was a scam and he'd lost all these funds. He contacted Lloyds for help in getting his money back in November 2019 and also raised a complaint at this time.

Lloyds responded to Mr G in December 2019 and didn't uphold his complaint. It said it was unable to recover any of the funds Mr G had sent to the scammer.

Mr G brought his complaint to our service. Our investigator upheld Mr G's complaint in December 2021. He thought that the second payment Mr G made to W should've triggered Lloyds to call Mr G and ask him about this payment. And if it had, he likely would've gone away and done some research into W and from this uncovered it wasn't a genuine investment firm. He said Lloyds should refund Mr G what he paid W from the second payment onwards and pay 8% simple interest on this.

Mr G accepted the investigator's assessment. Lloyds didn't respond to the assessment, so the case has been passed to me for a 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've reviewed the spending on Mr G's account before he made the fraudulent payments, to understand what usual spending looked like for him. I accept that he makes international payments on a regular basis, but I can see that these are low amounts and seemingly made by him in person when he is abroad, rather than him sending the money using his debit card online. And while I can see he's made several payments of around £2,500 in the months prior to the disputed transactions, these are done as faster payments and to a longstanding payee. Mr G hasn't made international payments of anywhere near €5,000 by debit card.

Considering the above, I'm in agreement with the investigator that the second payment Mr G made to the scammer should've triggered on Lloyds' systems. And due to this, it should've paused the payment until it had spoken to Mr G and asked some more questions to be satisfied this was a genuine payment and he wasn't the victim of a scam.

I understand Lloyds has argued Mr G had a responsibility to do research into W before he made payments to it. And as he didn't do this, he should now have full responsibility for his

loss. But Lloyds isn't able to remove the responsibility it has as a bank by pointing out what it considers Mr G should or shouldn't have done. I'm not asking Lloyds to refund the first payment, as I don't consider this should've alerted it – and so Mr G will bear this loss himself. But I can't agree it should've allowed the second payment to go through without speaking to Mr G. I'm satisfied the second payment he made was unusual, as this was a large international debit card payment – something Mr G hadn't made before. And so Lloyds shouldn't have allowed this payment to automatically process.

If Lloyds had contacted Mr G, I'm satisfied he would've looked further into W before agreeing for the payment to continue. He's been honest about the steps he took before paying W and I don't think he did have all the information he ought to have. But this is why I think he would've then done checks into W if Lloyds asked him questions around their interactions. And I consider it should've provided him with a general scam warning, as it had information on these types of investment scams and how fraudsters often operate – so it could've explained this considering the kind of payment Mr G was making.

If Lloyds had done the above, I consider it most likely Mr G would've realised W wasn't what he expected, and he needed to go away and do more research before sending a large sum. And then he wouldn't have interacted with it further, as he'd have established he was the victim of an investment scam.

Due to this, I consider Lloyds should be refunding Mr G all the payments he made to this scam from 28 May 2019 onwards. If it had called him before processing this second payment, I'm confident he wouldn't have agreed for this to be sent or then sent any further funds to W.

Putting things right

Lloyds Bank PLC needs to:

- Refund Mr G the payments he made to W from (and including) 28 May 2019
- Refund any non-sterling transaction and purchase fees for these transactions

As this was a current account, Lloyds should add interest to that sum (less any tax properly deductible) at 8% simple interest per year from the respective dates of loss to the date of refund.

My final decision

For the reasons set out above, I uphold Mr G's complaint.

Lloyds Bank PLC should arrange to pay the redress set out above, on receipt of Mr G's acceptance of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 10 March 2022.

Amy Osborne
Ombudsman