

The complaint

Mr and Mrs S complain that Lloyds Bank PLC (“Lloyds”) won’t refund the money they lost as a result of a scam.

The account used to facilitate the payments is held, jointly, in Mr and Mrs S’s name but the scam only involved Mr S, so I will refer to him throughout unless I am addressing a point raised specifically by Mrs S.

What happened

At the time of the scam, Mr S was in his eighties and an experienced investor with a number of years’ worth of experience. In 2004, he had purchased 8,000 shares in a company, which, for the purposes of this decision, I will refer to as “Company Q”. But he hadn’t received any dividends or had any contact with Company Q since.

In December 2018, Mr S was contacted by another company who purportedly wanted to sell the shares he’d bought in Company Q. I will refer to this company as “Company M”. We now know Company M was operating as a scam. However, this was unbeknown to Mr S at the time.

Company M told Mr S that the 8,000 shares he had originally bought now amounted to 80,000 shares and were worth a considerable sum. They said they’d obtained a contract to take over the shares and sell them on behalf of Company Q. Company M then offered to purchase the shares from Mr S for \$117,000 but at some point during the scam, this later increased to over 1.5 million. Mr S said he carried out some research on Company M and found they were a genuine company based in Argentina. And so he felt reassured.

As shown in the table below, throughout the course of the scam, Mr S made numerous payments to Company M and he doesn’t now remember the reason for all of them. He thinks he was paying for various fees and admin issues. Mr S has also provided us with some of the emails shared between him and Company M. The emails detail multiple reasons for the on-going payments and the reasons provided by Company M as to why the funds from the sale were not forthcoming.

Mr S made all of the scam payments in his local branch where he was familiar with the branch staff. Mr S said he told branch staff that he was making the payments for the purposes of an investment and that no further questions were asked beyond this - other than whether he was being pressured into making the payments. Mr S said he wasn’t.

By November 2020, Mr S realised he had been the victim of a scam and contacted Lloyds. Mr S said he now realised the payments had all the hallmarks of a scam and that they should’ve been questioned further by Lloyds before they were allowed to leave his and Mrs S’s account.

Mrs S also complained that the account was held in joint names with her, but she wasn’t aware of any of the transactions requested by Mr S and Lloyds had done nothing to bring

them to her attention or obtain her agreement to them leaving the account. Mrs S said had she known about the transactions; she would've stopped them. Mrs S also pointed out that she required large print statements, but these weren't provided by Lloyds so it was difficult for her to monitor the activity on the account.

As the scam involves a large number of high value transactions over a significant period, I have included a table of all of the relevant transactions below. The transactions that form part of the scam are highlighted in bold. The table also includes other things that I feel are relevant to the outcome of this complaint. Specifically, I have quoted some of the conversations that took place between Mr S and the fraudulent Company M:

Date	Type of transaction / Location	Amount	Reason for scam payment
25/09/18	Debit from the account - £364,621.79		n/a
19/11/18	Debit from the account - £100,000		n/a
Around 02 or 03/12/18	Mr S is unexpectedly cold-called by Company M		
03/12/18	Mr S expresses some concerns to Company M <i>"Concerning (Company Q) shares... the certificate doesn't seem to coincide with the information you've provided. The original certificate purchased on 17 December 2004 shows the shares as 8,000 shares. There has been no contact with (Company Q) since that date so please advise why there is such a difference in the number of shares?"</i>		
05/12/18	£50,000 debit from the account x2		n/a
18/12/18	Mr S expresses some concerns to Company M <i>"Am I to understand that I need to transfer funds to an unknown party to Honk Kong, why? I'm now being the bearer of funds to someone I've never previously heard of, please explain."</i>		
18/12/18	Internal transfer into account	£10,000	n/a
18/12/18	International payment to Hong Kong	£5,866.54	Stock purchase in line with acquisition from one company to another – sale of shares to new company
16/01/19	Internal transfer into account	£25,000	N/a
16/01/19	International payment to	£21,208.23	Payment in order

	Hong Kong		to lift restriction on shares in the belief \$283,000 will be received. The fraudster initially says the funds aren't received but later confirms receipt.
28/1/19	Mr S expresses some concerns to Company M <i>"My bank is the receiving bank. Are you sure you know what you are saying? My bank advised me that it is the bank that raised the cheque that has to originate the track or search. I'm now confused over the whole project, do I need to go back to "X" for clarity, or is this some scheme to confuse me?"</i>		
6/2/19	Mr S expresses some concerns to Company M <i>"I cannot comprehend what is going on. Am I the victim of some international scam? Firstly, I'm asked by (Company M) to forward a sum of \$7,200 to X on 18/12/18 and a further \$26,400 to the same destination on 16/01/19 – and now a further \$78,400. I feel that this is unbelievable but leave it in your hands as there is no chance of further funds being dispatched – as they're not available."</i>		
11/02/19	Mr S expresses some concerns to Company M <i>"Thanks for your email but when does this fiasco end? I don't know if I'm able to get a loan to meet your current needs. Forget everything and I reclaim all the costs I have already submitted. The sale of my Company Q shares seems to be an endless squeeze to obtain money without any guaranteed return."</i>		
12/02/19	Internal transfer into account	£35,000	N/a
14/02/19	International payment to The Philippines	£31,397.68	Regulators decided that all shareholders should pay semi-annual

			<i>withholding tax deposit – but it will be refunded 21 days after receiving major pay-out</i>
25/03/19	Internal transfer into account	£65,000	N/a
26/03/19	Internal transfer into account	£10,000	N/a
26/03/19	<i>International payment to Hong Kong (not the same account as previous payments to Hong Kong)</i>	<i>£30,960.25</i>	<p><i>Director of Company Q illegally put shares in family members names – his shares were vital to finalising the acquisition and without them the deal would fall apart. Regulators put payments on hold as a result. Eight shareholders need to raise \$640,000.</i></p> <p><i>Mr S encouraged to speak to other shareholders.</i></p> <p><i>Mr S is asked to make 2 separate payments totalling \$80,000 on separate days due to transfer agents only insured for max of \$50K. Mr S makes 1st payment.</i></p>
26/03/19	Internal transfer into account	£100,000	N/a
27/03/19	<i>International payment to Singapore</i>	<i>£30,990.94</i> <u><i>Fifth payment</i></u>	<i>Mr S makes 2nd payment</i>
13/05/19	<i>Payment bounced back into account</i>	(£30,696.34)	
14/05/19	<i>International payment</i>	<i>£31,688.19</i>	<i>New payment but unsure of reason. We only have payment instruction.</i>

08/08/19	International payment	£38,818.57	Unable to determine the reason
09/08/19	International payment	£37,300.78	Unable to determine the reason
16/08/19	Payment bounced back into account	(£38,818.57)	
22/08/19	International payment	£38,812.01	Unable to determine the reason
02/09/19	Payment bounced back into the account	(£36,342.21)	
03/09/19	International payment	£37,494.67	Unable to determine the reason
06/11/19	<p>Mr S expresses some concerns to who he thinks is a fellow shareholder</p> <p><i>"I hope you do not mind me contacting you. I have been in a dilemma about these shares for some considerable time, so I have been given your details by Company M. Every time that they are about to be paid out there seems to be a reason why more funds are required by the shareholders in the UK to release them. I have often considered the sale procedure to be an international scam so having paid out a considerable sum over the last year I am very wary over the latest request for a further \$120,000 to close the deal. I have been advised that you completed the deal with Company M and could possibly put my mind at ease on having completed the deal."</i></p>		
13/11/19	International payment	£39,124.88	Unable to determine the reason
14/11/19	International payment	£38,301.95	Unable to determine the reason
18/11/19	International payment	£18,410.31	Unable to determine the reason
27/02/20	International payment	£39,621.29	Unable to determine the reason

27/02/20	International payment	£39,713.49	Unable to determine the reason
19/03/20	International payment	£22,424.31	Unable to determine the reason
15/04/20	International payment	£15,494.54	Unable to determine the reason
30/06/20	International payment	£15,000	Unable to determine the reason
26/10/20	International payment (this payment is almost entirely recovered by the bank)	£5,182.48	Unable to determine the reason
29/11/20	Mr S realises he's been the victim of a scam		

What Lloyds has told us

Lloyds declined to offer Mr and Mrs S a refund. It says it processed the payments at Mr S's request and it was Mr S's responsibility to have carried out the necessary due diligence and independent checks before requesting the payments be made. It said its branch staff remembered discussing the payments with Mr S and they had confirmed they'd followed the correct procedures and discussed potential scams with Mr S at the time. Branch staff also said they knew Mr S and that all the payments were approved by a manager. One of the managers provided the following testimony:

"When I arrived working at "X" branch, Mr S was a regular customer. I met Mr S on occasion and he explained to me he was retired, but spent his time investing in stocks. I can absolutely confirm that on each payment occasion, regardless of how frequently they were made, Mr S was questioned as to why he was sending the payment. Mr S explained he was investing in stocks and shares, and on each occasion, I discussed that this could be a potential scam. Mr S reassured me that this was a company he had carried out due diligence on himself, and he had been investing for many, many years so was fully aware of the scams and he assured me that investing was something he had done for a long time.

Mr S was always friendly and open, and would happily go into detail about what he was investing in and explained this was something he was passionate about and had done over many years, hence why as a member of staff, I was reassured when Mr S explained this to me and also assured me he had carried out independent checks on the companies he was investing in before proceeding.

...

Due to time elapsed, I cannot confidently say whether or not a scam leaflet was handed out.

My initial concern with Mr S would have been due to sending a large amount overseas, and this would be why I would have spoken to the customer myself. This is what led to having an in depth conversation with Mr S in which he explained the purpose was to buy shares as he was an avid investor, and after I questioned how he had identified the company to invest

in, he explained he chooses where he invests and then completes due diligence on them. Again I cannot be certain but I can recall on one occasion Mr S had explained he had contacted the company register in Argentina (I am talking from memory so could be incorrect). I always discuss potential scams, and I remember Mr S being very thorough in detail explaining what he was investing in and that investing was something he had always done.

Banking Protocol was not considered as there was not a concern based on the reassurance and openness from Mr S. As a Private banking customer, and Mr S's explanation that he had always invested, this did not seem out of character for this profile of customer."

Lloyds went on to say that as the funds were held jointly and had been authorised by Mr S, it was not required to contact or get the consent of the other account holder, in this case, Mrs S. It acknowledged that it failed to send Mrs S statements in a larger font, that there had been delays in addressing the complaint, and that two of the payments were reported later than they should've been and so it offered to pay £400 in compensation to say sorry for these errors.

Unhappy, with Lloyds' response, Mr and Mrs S brought their complaint to this service with the help of a personal representative. One of our investigators looked into things and recommended that the complaint be *partially* upheld. She said that she didn't think the initial transactions were so unusual when compared to Mr and Mrs S' prior account activity that Lloyds should've questioned Mr S about them before they agreed to process them on his behalf. However, she thought that by the fifth transaction, the activity had started to look somewhat suspicious and at this point, Lloyds should've asked Mr S some probing questions as to the purpose of the payments. Our investigator thought that had Lloyds questioned the transactions at this point, it's likely that the scam would've come to light and the remaining transactions prevented.

However, she also recognised that Mr S had significant concerns about the transfers he was being asked to make early on in the scam but despite these concerns, and without seeking to verify what he was being told with a trusted third-party, Mr S continued to send large amounts of money abroad. Because of this, our investigator thought Mr S had failed to take steps to mitigate his own losses.

As she felt that both Mr S and Lloyds had played a part in the success of the scam, she recommended that Lloyds offer Mr and Mrs S a refund of 50% of the payments made from the fifth payment onwards. She felt this was the point from which Lloyds should've stepped in to question the continuing transactions. She went on to say that she felt 50% was a fair recommendation as this also reflected Mr S's role in the success of the scam. Finally, she said that as the account was held in joint names, there was no requirement for Lloyds to have contacted Mrs S about the payments prior to their processing.

Both Lloyds and Mr and Mrs S disagreed with our investigator's opinion.

Mr and Mrs S said that our investigator had failed to take into account Mr S's age at the time of the scam and the fact this likely made him vulnerable. They said there were a number of things about the transactions that should've indicated to Lloyds that something was amiss here and that should've put them on notice that Mr S was at risk of potential harm from fraud - from the first transaction onwards, not the fifth. Specifically, they stressed the reason given for the payments was suspicious in and of itself; Mr S was being asked to send money in order to receive money - a common type of scam that the bank should've been aware of. They said all the transactions had been made to international accounts and to a number of new payees and they pointed out that Lloyds, as the industry expert,

should've identified this was unusual and questioned Mr S about the payments before it agreed to process them on his behalf.

They highlighted that Lloyds' notes from the time suggested that no in-depth questioning took place. They also felt that it didn't make sense that having said Lloyds could've prevented the scam from the fifth payment onwards, that Lloyds should only be held responsible for 50% of the loss from this point.

Finally, they said that by not providing account statements in a larger font, Lloyds had failed in its duty of care to Mrs S and had prevented her from monitoring and putting a stop to the activity on the account.

Lloyds reiterated that prior to each transaction, a conversation was had with Mr S about the requested payment and it referred to the branch manager's testimony I have set out above. It repeated that Mr S told Lloyds he was an experienced investor and that he had already carried out all of the necessary checks before making the payments. It went on to say that our investigator had applied too high a standard when considering how far Lloyds should have gone when questioning Mr S about the payments and it pointed to the *Quincecare Duty* and the judgment in *Philipp vs. Barclays* to support its position. It said the judgment set out that where a payment was authorised by a customer, there is limited scope to argue the bank has a duty of care to prevent the consequences of that payment.

Finally, Lloyds said Mr S had real concerns about what he was being told from the outset, yet despite this, he'd continued to send payments over a number of years without first checking what he had been told. For this reason, it thought Mr S should be liable for the success of the scam, not Lloyds.

As an agreement could not be reached, the case has been passed to me for a 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.

Having done so, I've decided to *partially* uphold it for largely the same reasons as our investigator has previously set out. However, before I go on to explain why, I want to say how very sorry I am to hear about what's happened to Mr and Mrs S and I want to express my sympathy for the situation they have found themselves in. I do appreciate how disappointing this will be for Mr and Mrs S given the sums involved, but I don't think I can fairly say that Lloyds should reimburse them all of the money they unfortunately lost to the scammers.

I also want to acknowledge the numerous submissions Mr and Mrs S, alongside their representative, have put forward in support of their complaint. I'd like to assure them I have read all of their submissions in their entirety and considered everything they have sent in. However, I don't intend to respond in similar detail. I've focussed on what I consider to be the key points and the crux of the complaint. And if I don't mention a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. Instead, it's just that I don't feel the need to reference it in order to explain my decision. This isn't intended as a discourtesy – it's just a reflection of the informal nature of our service. I've set out my reasoning below:

In broad terms, the starting position in law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account. However, taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Lloyds ought fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had 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). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.
- For branch transactions, those steps may include following the Banking Protocol where appropriate.

I am aware that Lloyds considers too high a standard has been applied to what is expected of it in terms of identifying payments that might indicate a consumer is at risk of financial harm; and it has referred to 'the Quincecare duty' in support of its argument. I am mindful that the courts have interpreted Quincecare narrowly but the circumstances of this complaint are different to that case. Our 'fair and reasonable' remit also enables us to take account of regulatory and industry standards beyond the narrow legal duties considered in that and other court cases.

In any event, I am not suggesting Quincecare applies to this case, however the broad legal position is that a bank is expected to process payments that a customer authorises is not absolute – and Quincecare (along with regulators' rules and guidance, relevant codes of practice and good industry practice at the time) is an example of that.

This means that, particularly with the increase of sophisticated fraud and scams in recent years, I am satisfied that there are circumstances where a bank should fairly and reasonably take additional steps, or make additional checks, before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm.

It is not in dispute that Mr S authorised the transfers himself. Because of this, Lloyds had an obligation to follow his instructions. But there are some situations in which it should reasonably have had a closer look at the circumstances surrounding the transfers - as I've explained above. I consider that as a matter of good practice Lloyds, should have been on the lookout for unusual and out of character transactions.

So, I've first thought about whether the initial transfers could've been considered out of character and unusual when compared with Mr and Mrs S's usual account activity. And, I don't think they were. I say this because Mr and Mrs S regularly used the account to process large transactions. For example, a transaction amounting to £364,621 left the account in September 2018. The first four payments amounted to significantly less than this, the highest

amounting to £30,925.15. And so, I'm not satisfied that, on the face of it, the initial transactions would've appeared unusual or suspicious to Lloyds when compared to Mr and Mrs S usual account activity. And so, I don't think there was a need for Lloyds to question these payments before it allowed them to leave the account and for this reason, I won't be asking it to refund them now.

I understand that Mr and Mrs S feel that the payments in question here should've stood out as unusual when compared to the previous high value transactions on the account. I understand that this is because all of the previous high value transactions were made to genuine companies in the UK, not abroad. They therefore feel that there is a clear distinction between the previous genuine payments and the scam payments. But I don't agree. The payments were all of high value and some were being made in respect of investments. And these similarities indicate that Mr and Mrs S had a propensity to make payments for considerable amounts from their account – some to investments. I'm not satisfied that the payments being sent to international accounts was enough in and of itself to have prompted further discussions – especially in the context of Mr S being an experienced investor. And I haven't seen any evidence that persuades me he was more likely than not vulnerable at the time either. And so, I'm not persuaded that the initial transactions should've looked particularly unusual to Lloyds.

However, by the time the fifth payment is attempted, I'm satisfied that Lloyds should've had some concerns. The transactions were starting to become more frequent and this was now the fourth new payee and the fourth international account. This payment was made just a day after a previous high-value transaction and it was for virtually the same amount. By this point, I'm satisfied things should've started to look somewhat suspicious and I'm satisfied that Lloyds should've fairly and reasonably have stepped in and questioned Mr S about this payment before it allowed it to leave his account. I've taken on board what Lloyds has said about the conversation that it says took place in branch alongside the branch managers testimony, but, based on the limited information I have, I'm not persuaded that this conversation likely went far enough.

Mr and Mrs S have expressed concern that there are no contemporaneous notes from the time the payments were made to indicate what was discussed between Mr S and the branch manager. They've highlighted the testimony provided now is being put forward with the benefit of hindsight. However, I don't share this concern. The testimony indicates that there was a conversation about Mr S's general investment experience, that he told Lloyds that he invested as a hobby and that he believed he had spoken to the financial services regulator in Argentina. Given that this mirrors what Mr S told this service, and it's not clear how Lloyds would've known this information had a conversation not taken place, I'm satisfied that the notes now provided are a relatively accurate reflection of what was discussed. However, having said the above, I'm still not satisfied that this conversation went far enough. It seems to me that this was a general conversation about Mr S and his investment experience rather than a probing conversation about this particular investment itself. Lloyds as the industry expert are more familiar with the prevalence of this type of scam than the average layperson and should've been on the look-out for the common characteristics of well-known investment scams. And I'm satisfied that had Lloyds questioned Mr S as to the purpose of this payment, rather than his overall investment experience, as I think it should've, a number of red-flags would've been identified.

Lloyds should've enquired as to why Mr S had started to regularly send large sums of money abroad and why he was attempting to pay c£39,000 to an international account when he'd made a similar payment the day before. Lloyds should've checked how Mr S had been contacted and enquired as to whether Mr S had checked that Company M was registered with the UK financial services regulator – The Financial Conduct Authority ("FCA"). It should

have asked to see any documentation that Mr S had been sent that confirmed the legitimacy of the shares held and the payments he was now making. And crucially, it should have queried why Mr S was being asked to send money in order to receive money from the sale of his shares – which should've been of concern.

I'm satisfied that Mr S would've been honest with Lloyds about the situation he had found himself in had he been asked specific questions – he had not been provided with a cover story by the scammers and so he had no reason not to be. And given that the reason he was sending payments was, in and of itself suspicious, I'm satisfied that Lloyds would've realised that what was happening to Mr S had all the hallmarks of a classic investment scam. Mr S had been cold-called by a company he'd previously had no relationship with, he had been asked to send significant sums abroad in order to apparently secure his own funds and there was no documentation available to substantiate these claims.

So, I'm persuaded that Mr S's likely answers to the above questions would've put Lloyds on notice that Mr S was falling victim to a scam. I'm also persuaded that had any such conversation taken place, the spell would've been broken for Mr S. He wasn't being coached by the scammers and he appears to already have had significant concerns about what he was being told and asked to do. Overall, I'm satisfied that had further specific probing questions been asked about the fifth payment, the scam would've been uncovered and any further loss would've been prevented. So, my starting position is that Lloyds should refund Mr and Mrs S's loss from the fifth payment onwards. But that is not the end of the story. I then have to go on to consider whether Mr and Mrs S should also bear some responsibility for their overall losses also.

Should Mr and Mrs S bear some responsibility for the overall loss

I've considered whether Mr and Mrs S should also bear some responsibility for their losses and I think they should. I'll explain why.

Mr S was cold-called by Company M and he'd had no previous relationship with them – he'd purchased the shares now in discussion here from Company Q and there doesn't appear to be anything to suggest that the two companies in question were connected in anyway. Mr S had also originally purchased 8,000 shares, not 80,000, as Company M now said. And I can see that Mr S was somewhat confused by this – this was 10 times the amount he could recall purchasing and I'm satisfied that this should've caused Mr S to question what he was being told.

I'm also satisfied that the fact Mr S was being asked to send money in order to receive the funds from the sale of these shares should've caused him some concern. As the seller in the transaction, Mr S should have been the receiver of funds, not the sender, and it remains unclear as to why he thought it was reasonable to send over £500,000 in order to receive funds from the sale of shares that were originally valued at around £100,000, having received nothing in return. The reasons for many of the later payments also remains unclear, but Mr S continued to make payments.

Crucially, from very early on in the scam, and in more than one of his emails, Mr S appears to express concern that he might be falling victim to a scam. He specifically says "*Am I the victim of some international scam?*" and yet he continues to send large sums of money without seeking to independently verify what he is being told with a trusted source. It seems to me in the hope that what he was being told was legitimate having already sent a large sum of money, but in doing so, he also took the risk that it might not be.

Overall, I'm satisfied that there were a number of things here that should have caused Mr S concern – he expresses as much himself. Yet he continued to make substantial payments

even though he doesn't appear to have understood the reasons as to why. And I'm satisfied that by continuing to make payments, Mr S has failed to mitigate his own losses and therefore any award now put forward should reflect that he should bear some responsibility for his loss alongside Lloyds.

I understand that Mr and Mrs S have found the finding that Lloyds could've prevented the loss from the fifth payment onwards, yet are only having to return 50% of this loss, confusing. However, when deciding this case, any compensation award should fairly and reasonably reflect the role that each party played in respect of the success of the scam. For this reason, I am satisfied that the most fair and reasonable outcome is for Lloyds to refund 50% of the loss from the fifth payment onwards - it could've done more to prevent the success of the scam from the fifth payment onwards but at the same time, Mr S could've done more too. And the redress put forward by our investigator reflects this.

Mrs S's additional points

Finally, I understand that Mrs S wanted a complaint to be considered in her own name. This won't be possible. As this account is held in both hers and Mr S's names, any complaint would need to be brought by them jointly, as it has been here.

I've taken on board what Mrs S has said about not giving her consent to the payments, but as I've said above, the account had a joint account mandate. This means that Lloyds didn't have to verify the payment requests of one account holder with the other. And there was no obligation for it to highlight the activity on the account either, as she has suggested. Joint accounts are designed to allow each account holder unrestricted access to the account without needing the permission of the other. And I'm satisfied that Mrs S would've known this - the account appears to have been used regularly and both parties should've been aware that neither of them had been contacted to verify the others transactions throughout the life of the account.

I am sorry to hear Mrs S wasn't aware that Mr S was making payments. And I also acknowledge that Lloyds have confirmed her statements were not sent to her in a larger font as she has requested. But I don't think this error means that Lloyds should offer her a refund of the scam payments now. I haven't seen any evidence that persuades me that Mrs S being sent these statements would've more likely than not led to the prevention of this scam. She may well have chosen to rely on the fact that her husband felt the requests were legitimate - given that he was the one with the investment experience and appeared to manage the account. And so I'm satisfied that the £400 Lloyds has already offered by way of an apology is fair and reasonable given all of the circumstances here.

Summary

By the fifth payment, I think the very nature of the payments Mr S was making ought to have alerted branch staff that something wasn't right. I think the on-going transactions Mr S was asking to make were unusual enough to mean Lloyds ought to have taken additional steps to satisfy itself that Mr S wasn't at risk of being scammed. Overall, I'm satisfied that had Lloyds taken the steps I think it ought fairly and reasonably to have taken, the scam would've been uncovered, and Mr S wouldn't have continued to make payments at all. That being said, it is clear that Mr S had significant concerns about the payments he was making and their legitimacy throughout the course of the scam. It's also clear that he didn't fully understand the reasons as to why he was expected to continue to make payments in order to receive his funds – and the reasons provided by the scammers don't appear to have been particularly plausible. Despite this, Mr S continued to send further funds and in doing so, failed to mitigate his ongoing losses and this should be reflected in the amount of redress now due.

Putting things right

For the reasons given above, I'm *partially* upholding Mr and Mrs S's complaint against Lloyds Bank Plc and I direct it to:

- pay Mr and Mrs S 50% of each payment made from the fifth payment onwards - deducting any amounts already recovered
- apply interest at a rate of 8% simple to each 50% payment, from the date each payment left the account up until the date of settlement
- pay Mr and Mrs the £400 in compensation previously offered, if it hasn't already done so

My final decision

My final decision is that I partially uphold this complaint and I direct Lloyds Bank Plc to pay the redress I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr S to accept or reject my decision before 6 September 2022.

Emly Hanley
Ombudsman