

The complaint

Mrs R complains that Lloyds Bank PLC (Lloyds) didn't protect her from falling victim to a scam and says the level of service she received from them was poor.

What happened

In May 2021, Mrs R fell victim to a scam whereby she received a text message saying she had to pay a fee for a parcel to be delivered. Mrs R was expecting a parcel, so she followed the link and provided her debit card information and contact details.

A friend alerted Mrs R to the fact that this was a common scam, and the following day she called Lloyds and asked them to cancel all of her debit cards. Mrs R says Lloyds didn't provide her with any warnings or guidance regarding scams and what steps she could take to protect herself.

The following day, Mrs R got a call from a fraudster pretending to work at Lloyds. They told Mrs R about four transactions on her account that appeared to be fraudulent, and when she confirmed that she hadn't made the transactions in question – they told Mrs R that her accounts had been compromised and her funds were at risk. They told Mrs R that they needed to act swiftly to secure her money and prevent any further transactions being made. As a result, Mrs R made four payments to the bank details the fraudster gave her – totalling £25,750.

Eventually the call with the fraudsters cut off for a second time, and Mrs R called Lloyds and was able to speak to a genuine staff member. At this point Mrs R became aware that she'd fallen victim to another scam, and that she hadn't been talking to Lloyds.

Mrs R raised a fraud claim with Lloyds and asked them to refund the money she'd lost. During Lloyds' investigation into her fraud claim, Mrs R also raised a complaint about the poor level of service she'd received from them.

Ultimately Lloyds refunded Mrs R 100% of the funds she'd lost to the scam and paid her £100 compensation, apologising for not providing a better service when she called about the scam.

Mrs R wasn't happy with Lloyds' offer of £100 and asked us to look into the matter for her.

An investigator reviewed Mrs R's complaint and felt the £100 compensation for poor service wasn't sufficient, and asked Lloyds to pay an extra £150. They noted that Lloyds had paid Mrs R £18 separately to cover call costs. The investigator also addressed the refund Lloyds had made in regards to the fraud payments, recommending that Lloyds should pay interest on the refunded scam payments from the date of the scam to the date of settlement – awarding interest at the account interest rate for the payments made from her savings accounts and at 8% for the payments made from her current account.

Lloyds agreed with the investigator's recommendation. However, Mrs R disagreed saying the £250 didn't address the short and long-term impact on her emotional wellbeing, also that

we hadn't recognised the impact on her business. Mrs R told us she was left feeling more vulnerable at an already challenging personal time, and that compensation of £2,500 was more appropriate considering the level of distress she experienced.

What I've decided – and why

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

Lloyds settling Mrs R's complaint in relation to the payments she made to the scammer

For completeness, Lloyds have already refunded Mrs R 100% of the funds she lost to the scam. When applying a refund Lloyds should, in most cases, also pay interest on those funds. In this case, it would mean paying interest at 8% simple interest on the payments made from her current account and paying the account interest rate on the payments made from her savings accounts. This interest should be calculated from the date the payments were made, until the date of settlement.

As this recommendation is line with our approach and Lloyds have already agreed to pay it, I won't comment on it any further – other than to direct Lloyds to make the calculation and make the payment if they haven't already done so.

The main issue that is outstanding for Mrs R relates to the level of service she received from Lloyds. So, this is what I've focused my decision on.

I'd like to start by reassuring Mrs R that I have read all of her communication with both us and Lloyds, in order to understand all of the reasons she's unhappy with the service she's received from Lloyds. Having done so, I won't comment on each individual point, but have considered them all in reaching my decision.

Could Lloyds have prevented Mrs R from falling victim to the second scam?

Mrs R has pointed to the lack of fraud warnings or guidance she was given after falling victim to the first scam. She says Lloyds missed an opportunity to protect her from the second scam.

Having listened to the calls, I can't see that Lloyds provided Mrs R with any information about protecting herself from future scams or let her know that she may be approached again in the near future by scammers.

The parcel delivery fee scam is well known, and consumers who provide their bank details are often targeted by scammers again shortly afterwards. On that basis, I would've expected Lloyds to have had a discussion with Mrs R about what to look out for. However, I'm not persuaded that had Lloyds given her information about other scams, that in these circumstances, it would've prevented Mrs R falling victim to the second scam.

I say this because I don't think it's realistic to expect Lloyds to have given information about all of the types of scams that Mrs R could possibly be presented with. And if they did, I think it's likely that the actual scam scenario she fell victim to may have become lost in the amount of information she was given. Also, importantly, the second scam she fell for was very sophisticated. The scammers were able to spoof Lloyds' genuine phone number on the back of her debit card, and Mrs R has told us they spoke in exactly the same manner she had experienced previously when talking to genuine Lloyds staff, also using similar language to the genuine bank. Mrs R says at no point did she doubt she was talking to the bank. Also, I think Mrs R would've been more vulnerable to the scam, as she knew she had provided

information the previous day to scammers that may've enabled them to access her money. And the scammers used urgency and pressure to make Mrs R feel that she had to act quickly in order to protect the money in her accounts.

On this basis, I'm not satisfied that I can safely conclude that Lloyds could've prevented Mrs R from falling victim to the second scam by sharing scam warning information with Mrs R after the first scam. However, I think they should've let Mrs R know that it was possible she would be targeted again.

So, I've gone on to consider the overall level of service Mrs R received from Lloyds.

The overall level of service Mrs R received from Lloyds

It's important to note, that a lot of Mrs R's distress was caused by the scammers which I can't fairly hold Lloyds liable for. But I have though considered Lloyds' actions and how they may've added to that distress.

Mrs R has told us that she had to call Lloyds several times during her fraud claim, was on hold for long periods of time, was transferred from pillar to post, and some calls cut off unexpectedly – requiring her to call back and go through the process again.

Lloyds have given us contact notes from when Mrs R called, along with 14 call recordings. In the contact notes they highlight that Mrs R was "very distressed" on a call with them and in several of the calls where Mrs R was transferred between departments, the Lloyds staff told the person they were transferring Mrs R to about her distress.

Lloyds have already apologised to Mrs R for not providing a better level of service and paid her £100 compensation. Having listened to the calls, I can understand why it would've been upsetting for Mrs R to be transferred to various departments, having long waits and having calls end abruptly. However, I also found that the Lloyds staff were often patient with Mrs R, let her know what was happening if they were silent while writing notes or needed to transfer her to another department. They also picked up on her anxiety and distress and shared this information internally so she would be treated with empathy by the next staff member.

Mrs R is also unhappy that Lloyds provided conflicting information about how much she would be refunded. Initially Lloyds told her she would get 50% back and then she received the other 50% without warning. And I accept that this could've been handled better by Lloyds.

Having considered all of Mrs R's points regarding the level of service she received from Lloyds, the lack of warnings after she fell victim to the first scam and the confusion over what she would be refunded - I think an award of £250 is fair compensation. This £250 would include the £100 that Lloyds have already offered Mrs R and is separate to the £18 they've paid her to cover call costs.

Mrs R has told us that she feels a payment of £2,500 is more appropriate based on her experience, however we're an informal mediation service and the awards we make for distress and inconvenience are modest. More information about the type of awards we make can be found on our website. I understand that Mrs R had to borrow money from family members and says she was unable to take a planned holiday. However, I'm not satisfied that I can fairly say Lloyds is fully liable for this, as most of the distress and impact has come from the scammers and as I've already set out, I'm not persuaded I can safely conclude Lloyds could've prevented Mrs R from falling victim to the second scam.

Mrs R is also unhappy with Lloyds' internal procedures around several matters including the difficulty to get through to their fraud team, and the lack of support and empathy she feels is given to victims of fraud. But our remit doesn't include looking at internal processes or operational issues, other than in direct relation to the specifics of an individual complaint and how it impacted on that complainant. So, while Mrs R may want a more holistic review done with recommendations to protect future customers – that isn't something that we can do.

Having carefully considered everything that Mrs R has told us, I think it's fair to ask Lloyds to pay her £250 compensation.

Putting things right

To put things right Lloyds Bank PLC should:

- Pay interest on the fraud payments they've refunded to Mrs R, from the date the payments were made until the date of settlement. At 8% simple interest on the payments made from her current account, and at the account interest rate for payments made from her savings account.
- Pay Mrs R £250 for the poor level of service she received (Lloyds can deduct the £100 they had already offered Mrs R if it has already been paid to her).

My final decision

My final decision is that I uphold this complaint against Lloyds Bank PLC and require them to compensate Mrs R as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 14 July 2022.

Lisa Lowe
Ombudsman