

The complaint

Mr M is unhappy Lloyds Bank PLC (“Lloyds”) hasn’t reimbursed him for his loss after he fell victim to a scam.

What happened

Towards the end of 2019 Mr M was looking to make an investment and found a company (“L”) online. Mr M believed L would be helping him invest in bitcoin, providing him advice on how he should invest his money.

Mr M downloaded remote access software under L’s instruction so it could see what trades he was making and take over where necessary. He believed this was allowing L to show him the investments and the profit he was making and allowed them to instruct Mr M when using various crypto currency trading platforms it had instructed him to open accounts with.

He started by making a payment of around £210 to one of the crypto currency platforms and he received a ‘return’ of around £200. This persuaded Mr M to continue.

Within around six months Mr M sent around £97,000 to the scammers. Mr M made the following payments:

Date	Amount
5 December 2019	£213.66
12 December 2019	£2,193.56
17 December 2019	£4,418.91
11 February 2020	£10,000
13 February 2020	£8,640.06
18 February 2020	£8,596.97
25 February 2020	£8,654.06
10 March 2020	£22,542.83
11 March 2020	£22,739.68
15 May 2020	£9,218.29
27 July 2020	£14,000

Total	£111,218.02
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Scammers informed him his account balance was between £200,000 and £300,000 but around July 2020 told him he was losing £20,000 - £30,000 per day. Shortly after this the account Mr M could access showed his account balance was almost £0. He tried to contact L but was unable to.

Mr M then said he researched online any other companies that might be able to help him get his money back. He contacted company "S" which he believed specialised in obtaining funds individuals had lost as the result of a scam. He provided the details of his situation and the company he thought he'd been working with. He then received an email he believed to be from L which seemingly confirmed S had been able to obtain all his losses via a court order.

Mr M was told in order to get his money back he needed to make a payment of £14,000 to a crypto currency platform he opened under S's instruction. He says someone from S then hacked this account and removed the money from it.

He reported the situation to Lloyds which initially told Mr M it couldn't help as it had misunderstood his circumstances and thought his claim related to purchasing bitcoin which he'd legitimately received rather than he'd been the victim of a scam. Overall, it didn't feel it was liable for the payments Mr M made to the scammers although it acknowledged it could've done more to help him when he originally reported the scam. It offered him £300 in acknowledgement of the trouble and upset caused.

In the case of the money he'd sent via bank transfer to international accounts, it contacted the beneficiary's banks, but in the case of all payments the money couldn't be returned. The first payment Mr M made – for around £210 – was made by card. But Lloyds explained it was unable to carry out a successful chargeback as under the relevant scheme's rules, the service he'd paid for had been successful as he'd been able to credit his crypto currency account as intended.

I issued my provisional decision earlier in July 2022. In summary I said that:

- I thought the payment Mr M made on 11 February 2019 was significantly unusual enough that Lloyds ought to have intervened to check he wasn't at risk of fraud or a scam. I thought it was significantly higher in value than payments he was generally making at the time as well as being a foreign transaction which wasn't something Mr M usually carried out.
- Had Lloyds intervened and sufficiently questioned Mr M about the payments I thought it likely would've recognised he'd fallen victim to a scam. I said this because I think it would've been clear to Lloyds Mr M didn't have a clear idea of what he was investing in, how the investment worked and hadn't carried out any due diligence into the company he was paying. And although he was making payments to his own cryptocurrency account, given the prevalence of scammers using this type of account

around the time, I think Lloyds ought to have recognised that this didn't automatically mean the payments were legitimate.

- Although I felt Lloyds had missed an opportunity to prevent the payments Mr M made from 11 February 2019, I also thought he shared liability for his loss. It didn't appear Mr M had carried out any research into the type of investment he was making or the company he was dealing with. Had he searched online I think it would've been clear the situation was likely a scam. He also described the company as pushy and pressuring him to invest more and more, downloaded software that gave them access to his devices and had to open third party trading accounts under their instruction. Overall I didn't think a reasonable person would expect a legitimate broker to operate like this and Mr M ought reasonably to have recognised something was amiss.
- Mr M had also searched the company online part way through the payments he made and despite the poor reviews he said he saw, accepted that these were just disgruntled investors and continued to make payment to them. I also didn't think it was reasonable overall that when he recognised he'd been the victim of a scam, he then paid significant amounts to a second scammer to try and retrieve the funds before he contacted more trusted sources like his bank or the financial regulator.
- I thought about whether I thought Lloyds had done enough to try and recover the funds when it was made aware of the scam. And although it didn't act as promptly as it ought to have done, in the case of each payment the beneficiary's bank was unco-operative. I didn't think it was likely this would've been any different had they been contacted earlier so I didn't think Lloyds' delay caused Mr M a loss.

Mr M responded to my provisional decision. He explained he'd already provided all the evidence he was able to in this case and had nothing further to add. Lloyds didn't respond by the deadline provided.

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.

As neither party has provided any new information for me to consider in this case, I haven't departed from the conclusions in my provisional decision – which I've summarised above.

I think Lloyds missed an opportunity to prevent Mr M from making payments to scammers from 11 February 2019, but, I also think Mr M has contributed to his loss as I think he reasonably ought to have done more to check the payment he was making were genuine.

Putting things right

For the reasons given, I think Lloyds is partially liable for Mr M's loss from the third payment he made to scammers. It should reimburse 50% of his loss from this point (£52,195.95).

Mr M has explained that £43,555.89 of this money came from his savings account. Lloyds should apply simple interest of 0.2% (the account rate) to this amount from the date of each payment to the date of settlement.

He's said that the payment of £8,640.06 (made on 13 February 2020) was money borrowed from a family member. So I don't think it's appropriate in the circumstances for Lloyds to pay interest on the 50% reimbursement of this payment.

It should also pay him the £300 previously offered for the way it dealt with his initial query.

My final decision

I uphold this complaint and require Lloyds Bank PLC to pay Mr M the redress I've outlined above. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 16 September 2022.

Faye Brownhill
Ombudsman