

The complaint

Miss G is unhappy that Lloyds Bank PLC has decided not to refund her after she was the victim of an authorised push payment (APP) scam.

What happened

In 2018, Miss G says she used a dating platform and was in contact with an individual, I'll refer to as S. Miss G says she regularly spoke to S and met him twice in person. S said he was in financial hardship and sent pictures to Miss G showing his living conditions. He asked Miss G for help financially with the promise he would repay her. S then stopped communication with Miss G and didn't return the funds as promised. Miss G made payments totalling £4,970 to S within a three-month period.

Miss G raised a complaint in 2022 in branch and says she felt vulnerable at the time of doing so. She says she had to discuss the details of the scam in the branch where everyone else could hear. She thinks Lloyds ought to have protected her and it had multiple opportunities to stop the payments, and she says she was vulnerable at the time.

Lloyds looked into things. It said the payments in 2018 were made prior to the Contingent Reimbursement Model (CRM) coming into effect. It went on to say the payments Miss G made were in line with her normal account activity and therefore it wouldn't have intervened when the payments were made.

Lloyds also said Miss G expressed her vulnerability when she reported the scam in 2022. However, this occurred sometime after the scam and therefore wasn't a consideration at the time she made the payments.

Miss G says she no longer has any copies of the correspondence between her and S. Miss G says she reported the scam two months later but there's no record of this on Lloyds systems. She says she was advised to report it to Action Fraud. Miss G hasn't provided evidence to support that she did this, either in 2018 or when the complaint was raised in 2022.

One of our investigators looked into things and said although she acknowledged that some of the payments Miss G made were unusual, compared to her normal pattern of spending, she didn't think they were suspicious enough that Lloyds ought to have intervened. The payments occurred in 2018, so it wasn't clear what measures the bank would have had in place at this time. And, it no longer holds records of any warnings it may have provided at that time, if it all. She went on to say that even if the payments had triggered, she didn't think a conversation with Miss G would have left the bank concerned that it would have taken steps to prevent her from making them.

Miss G's representatives didn't agree. It said Lloyds had a duty to protect its customers from financial harm at this time. Miss G made five payments in quick succession across 3 days totalling £5,000 and this should be considered as unusual by industry standards. The payee was relatively new at this time and Miss G was receiving credits into her account which were then quickly dispersed.

The representative initially said that Miss G didn't meet the scammer in person but later corrected itself when the investigator highlighted Miss G's own version of events where she described meeting the individual on a number of occasions. But the representative went on to say if Lloyds had intervened and asked appropriate questions it would have exposed the scam given how the individual had first contacted Miss G and the purpose of the payments. These points didn't persuade the investigator to change her opinion on the complaint.

As the matter couldn't be resolved it has been passed to me to consider for 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 carefully considered everything I'm not upholding Miss G's complaint. In broad terms, the starting position at law is that a bank, payment service provider or electronic money institution 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. And I have taken that into account when looking into what is fair and reasonable in this case.

I've considered whether there was anything about the circumstances surrounding the payments that could have put Lloyds on notice that they were being made as part of a scam. And I don't think there was.

- Although the payments weren't insignificant, they were not, what I would consider as unusually high in value. And they didn't represent unusual activity on Miss G's account in general.
- Miss G's representatives believe that the payments on the 06,07 and 08 August 2018, when combined, are significant in value, to a relatively new payee and Lloyds ought to have been concerned at this point. But I disagree. Miss G had made several payments to this payee in the previous 2 months. So, I don't think this spending, whilst I acknowledge is increased, would have appeared suspicious to Lloyds. Miss G was able to fund the payments with credits to her account, so they don't leave her account in a depleted or altered position. They are also interspersed with other payments and transfers in and out of the account.
- Like the investigator, I'm not persuaded, that even if Lloyds had intervened it would have made a difference. Miss G hasn't been able to provide any evidence to show her interactions with S. On that basis there's no evidence to support her claim this was a scam, rather than payments made to a friend or for something else entirely. So given this lack of any persuasive evidence about what actually happened between Miss G and S I can't reasonably say that Lloyds would have or ought to have been concerned about the payments she was making even if it had spoken to her.
- Lloyds notes show that on 27 June 2018 (the same day Miss G made the first payment of £500, to S) a payment on her account was blocked and she was required to attend a branch with photo ID. She did so and the payment was confirmed as genuine. Lloyds notes on this are limited, and that's not surprising given the passage of time. It's not clear if the payment that was flagged was the one made to S or another one, as several other payments were made on and around this date. Miss G hasn't made any mention of it in her evidence to us or the bank – but again this isn't surprising as Miss G didn't raise the formal complaint for another four years. So, whilst this evidence isn't substantial, it indicates that Miss G potentially had an

opportunity to discuss the payment being made to S and didn't or the conversation didn't cause any concern or suspicion for Lloyds if it was discussed.

- Miss G would have likely been able to say she knew this person as she'd met them a number of times. And that isn't a usual feature of a scam. Even if she had said she met this person online I don't think that would have been enough for Lloyds to have been concerned about the payments she was making.
- This all leads me to conclude is that it's likely that if Miss G had been asked questions about the payments, she was making she wouldn't have left Lloyds concerned that she was at risk of financial harm.
- Miss G has said she was vulnerable at the time of making the payments. I'd need to be satisfied that Lloyds did or ought to have known this at the time she made the payments, in order to say it should have taken this into account when deciding to refund Miss G. I haven't seen any evidence that Miss G made Lloyds aware of her personal circumstances or that it would have any reason to believe she was potentially vulnerable at the time of making the payments. So, I'm not persuaded Lloyds needs to refund Miss G for this reason.
- I haven't seen evidence that Miss G reported these payments until 2022 several years after she'd made the transactions. At which point Lloyds reviewed the beneficiary account, but the funds had been removed. So, I'm satisfied that Lloyds couldn't have prevented Miss G's losses after she reported the payments.

Overall, I can't say that Lloyds is at fault here. So, I'm not recommending that it refund Miss G's losses.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 16 February 2024.

Sophia Smith
Ombudsman