

The complaint

Mr H complains that Lloyds Bank PLC (“Lloyds”) won’t refund over £12,000 he lost to an investment scam beginning in September 2022.

The details of this complaint are well known to both parties, so I won’t repeat everything again here. Instead, I’ll focus on giving the reasons for my 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 agree with the conclusions reached by the investigator for the following reasons:

- It isn’t in dispute that Mr H authorised the disputed payments he made to his Wise account using his Lloyds debit card (where his funds were subsequently transferred on to the scammer via the cryptocurrency platforms). The payments were requested by him using his legitimate security credentials provided by Lloyds, and the starting position is that banks ought to follow the instructions given by their customers in order for legitimate payments to be made as instructed.
- However, I’ve considered whether Lloyds should have done more to prevent Mr H from falling victim to the scam, as there are some situations in which a bank should reasonably have had a closer look at the circumstances surrounding a particular transfer. For example, if it was particularly out of character.
- I appreciate that overall, Mr H has lost over £12,000 which is a significant amount of money. But this amount wasn’t paid in one large or ‘out of character’ transaction. It was spread over seven separate increments which, in my judgment, would not have appeared particularly unusual, such that they ought to have been regarded as suspicious or indicating that he might have been at risk of falling victim to a scam.
- Given the increase in spending, Lloyds in fact did make further checks by way of asking Mr H to confirm the last six payments were genuinely being made by him via his mobile banking app, which he confirmed. And given the daily amounts being spent were not significantly large in value so as to indicate a heightened risk of financial harm, I’m satisfied that these checks were proportionate to the risk presented in these circumstances. In other words, I don’t think there was enough cause for concern to warrant Lloyds having to make further enquiries about the payments before processing them.
- I acknowledge there were occasions where more than one payment was made to Mr H’s Wise account in the same day, such as three payments being made on 13 October 2022. However, by this point, Mr H had already made several payments to his Wise account. So, by the time he came to make these payments, Wise was already established on his account as an account that he’d paid before. The three payments also

only totalled around £5,000 which, cumulatively wouldn't have appeared overly unusual.

- Even if I were to accept that Lloyds ought to have intervened, I'm not persuaded Mr H would've likely been forthcoming with the true nature of what he was doing in any event. Mr H has said that the scammer warned him that UK banks do not like dealing with cryptocurrency, which was why he was having to transfer his money to a Wise account before making the investment. So, it seems likely he would've followed the scammer's instructions on what to say if Lloyds had questioned him about the payments he was making. Indeed, Mr H initially told this service that when taking out a loan with a friend *"he did not inform the friend why the payment was required but did tell a lie and stated that the sum was required to assist family and friends in the floods in Pakistan"*. So, this further leads me to believe that he wouldn't have likely been upfront with Lloyds, so as to ensure he could make his investment without obstruction.
- I appreciate that Mr H has since changed his testimony and said that he did not lie to his friend. But Mr H specifically said in his original testimony that he "told a lie" to his friend in order to obtain a loan. I don't think he would've said this if it wasn't the case; there is nothing equivocal about it. And given this is what he initially told Lloyds and this service, I consider his original testimony to be a more reliable representation of what happened, rather than his change of testimony in response to the investigator's view.
- So, in these circumstances, I don't consider it would be fair and reasonable to hold Lloyds liable for Mr H's loss even if it should have intervened, because it seems more likely than not that he would've always made the payments to the scammer, notwithstanding any intervention made by the bank.

I appreciate this will likely come as a disappointment to Mr H, and I'm sorry to hear he has been the victim of a cruel scam. However, I'm not persuaded that Lloyds can fairly or reasonably be held liable for his loss in these circumstances.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 26 February 2024.

Jack Ferris
Ombudsman