

## The complaint

Mr D and Mrs M complain that Lloyds Bank PLC (Lloyds) is refusing to refund them the amount Mr D lost as the result of a scam.

## What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr D was contacted out of the blue from an investment business called Tradeviz (X). X explained an investment opportunity to Mr D and sent him a link to an online trading platform. Mr D carried out some online research about X and satisfied it was genuine he decided to invest.

Mr D made an initial small payment from his joint Lloyds account by debit card. The remaining payments Mr D made into the scam were sent from his joint Lloyds account to another account in his name at Wise, before being forwarded to X.

Mr D tried to make a withdrawal from his investment but was consistently told by X that he would have to make further payments before a withdrawal could be made. It soon became clear that Mr D had fallen victim to a scam.

The following are payments made via Mr D and Mrs M's account with Lloyds in relation to the scam:

Date	Payee	Payment Method	Amount
27 June 2022	RCC-PRO	Debit Card	£207.40
19 July 2022	Wise	Transfer	£2,000.00
20 July 2022	Wise	Transfer	£1,500.00
1 August 2022	Wise	Transfer	£1,500.00
3 August 2022	Wise	Transfer	£1,200.00
3 August 2022	Wise	Transfer	£1,200.00
15 August 2022	Wise	Transfer	£1,200.00
17 August 2022	Wise	Transfer	£1,200.00
17 August 2022	Wise	Transfer	£1,250.00

Our Investigator considered Mr D and Mrs M's complaint but didn't think it should be upheld. Mr D and Mrs M disagreed, so this complaint has been passed to me to decide.

## 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.

It has not been disputed that Mr D has fallen victim to a cruel scam. The evidence provided by both Mr D and Lloyds sets out what happened. What is in dispute is whether Lloyds should refund the money Mr D and Mrs M lost due to the scam.

### *Recovering the payments Mr D made*

Mr D made an initial small payment into the scam via his debit card. The remaining payments were made by transfer. When payments are made by card the only recovery option Lloyds has is to request a chargeback.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

There are currently no chargeback rights in relation to scam payments and I think it's unlikely Mr D would have been able to provide the information required to receive a refund for the payment he made via his debit card to enable him to receive a refund via the method of chargeback.

When a payment is made by transfer the only option Lloyds has is to request a refund of any remaining funds from the receiving bank. Mr D has confirmed the transfers he made from his Lloyds account went to another of his own accounts at Wise so if any funds remained in that account they would remain in his control. So, this method of recovery would not be an option for the payments Mr D made.

### *Should Lloyds have reasonably prevented the payments Mr D made?*

It has been accepted that Mr D authorised the payments that were made from his account with Lloyds, albeit on X's instruction. So, the starting point here is that Mr D is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Lloyds should have been aware of the scam and stepped into question Mr D about the payments he was making. And if it had questioned Mr D, would it have been able to prevent the scam taking place.

The first payment Mr D made into the scam via his debit card was for a relatively low value, not out of keeping with the way Mr D and Mrs M usually operated their account, so I wouldn't have expected this payment to trigger Lloyds' fraud prevention systems prompting it to step in.

The remaining payments Mr D made in relation to the scam from his joint Lloyds account were also for relatively low values into an account in his own name, that he had previously made similar sized payments to. I don't think it's unreasonable that Lloyds' fraud prevention systems were not triggered by these payments either and that it wasn't prompted to step in and question Mr D about the payments he was making.

I don't think Lloyds missed an opportunity to prevent the scam, and it's therefore not responsible for Mr D and Mrs M's loss.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mrs M to accept or reject my decision before 15 March 2024.

Terry Woodham  
**Ombudsman**