

The complaint

Miss K complains that Lloyds Bank PLC (“Lloyds”) won’t refund money she lost when she fell victim to a job scam.

Miss K is being represented by a claims management company in her complaint.

What happened

The detailed background to this complaint is well known to both parties. The facts about what happened aren’t in dispute, so I’ll focus on giving my reasons for my decision.

The complaint concerns several transactions totalling just over £82,000 which Miss K made in November 2022 in connection with a job opportunity – completing tasks – with a company “W” who contacted her on an instant messaging service.

Miss K sent the funds to a cryptocurrency exchange for conversion into cryptocurrency, before sending it on to cryptocurrency wallets as instructed by W. Some of the payments were funded through a personal loan Miss K took out with Lloyds, although the loan was paid off within a couple of weeks. She subsequently discovered that she’d fallen victim to a scam.

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:

- Under regulations and in accordance with general banking terms and conditions, banks should execute an authorised payment instruction without undue delay. The starting position is that liability for an authorised payment rests with the payer, even where they are duped into making that payment. There’s no dispute that Miss K made the payments using her security credentials, and so they are authorised. But in accordance with the law, regulations and good industry practice, a bank should be on the look-out for and protect its customers against the risk of fraud and scams so far as is reasonably possible. If it fails to act on information which ought reasonably to alert a prudent banker to potential fraud or financial crime, it might be liable for losses incurred by its customer as a result.
- I’ve looked at the operation of Miss K’s account and I don’t consider the first six disputed transactions, with amounts ranging between £18 and £93, to be *that* unusual such that I think Lloyds ought to have intervened. These transactions took place between 5 and 8 November. We know that Lloyds did block a further payment on 8 November when Miss K tried to send a larger amount, and it asked her to phone the bank. Miss K was unable to pass security verification over the phone and was

advised to visit her local branch with identification. She did this the following day and was put through to the fraud department by the branch staff after identity verification.

- I've listened to both calls and I have to say that in my view Miss K misled the bank as to the true purpose of her payments to the cryptocurrency exchange. I know her representative submits that the bank's intervention didn't go far enough. While I acknowledge that a bank can always ask more probing questions, in this case I'm not persuaded that further questioning would have led to the scam being uncovered in the way that the representative has suggested. This is because having listened to the calls, I'm persuaded that Miss K didn't want Lloyds to know why she was making the payments. It isn't clear whether she was coached by the scammer to lie to her bank, but Miss K was asked questions relevant to her situation, yet she wasn't honest with the bank.
- For instance, Miss K was questioned if someone else had asked or told her to buy the cryptocurrency; she said no and added that it was her decision alone. When asked if anyone had promised her that she would make more money from these transactions, Miss K said, "no, no – it's my investment." We know that this wasn't an investment as Miss K believed she needed to add a cryptocurrency balance to access the job tasks. Yet the answers she gave Lloyds made it sound like she wanted to and was investing in cryptocurrency.
- During the call, when asked what made her choose cryptocurrency and how she decided on the specific cryptocurrency exchange, Miss K said she had thought about investing as she'd been saving. She went on to say that she didn't speak to anyone, nor did anyone explain anything to her. She was reading a lot and saw cryptocurrency in the news. And that she was interested in coins (presumably she meant bitcoins), so she decided to go for it.
- Given what was happening at the time and the real reason for making the payments, these aren't the type of comments I would expect from someone who would have been honest with their bank. So, although Miss K's representative has suggested the type of questions Lloyds could have asked had it probed further, and the answers she would likely have given, I'm not convinced that that is how Miss K would have answered those questions. I'm more persuaded that Miss K wanted Lloyds to believe she was investing in cryptocurrency and that no one else had been involved in the matter.
- I think it's also important to note that as part of its enquiries, Lloyds did say to Miss K that cryptocurrency scams had been prevalent. But she said she was happy with what she was doing and that she was satisfied her money was safe. Miss K acknowledged that there was a risk of losing her money. She also acknowledged that cryptocurrency was unregulated. And, prior to the bank's intervention, at one point the cryptocurrency exchange blocked her onward transfer to a crypto wallet and said that this was due to the wallet being linked to a scam. Yet, Miss K doesn't appear to have been concerned by that and questioned it. Instead, she reached out to the representative from W saying she had trouble sending the cryptocurrency on.
- All in all, I don't consider that further probing by Lloyds at that point or during subsequent transactions would have affected Miss K's decision to send the payments. I would add that as time went on, the earlier transactions started forming part of the account spending pattern. So later transactions would not have appeared that unusual.

- I've also thought about whether Lloyds could have done more to recover the funds after it became aware of the situation, as in some circumstances the money can be recovered. Miss K's payments went to a cryptocurrency exchange. She wouldn't be able to make a successful chargeback claim in the circumstances because the merchant she paid did provide the service requested (i.e., conversion of fiat money into cryptocurrency). So, I don't think Lloyds was under any obligation to raise a chargeback dispute for Miss K.

In summary, I know that Miss K will be disappointed with this outcome. Not least because the matter has been ongoing for some time. I fully acknowledge that there's a lot of money involved here. Despite my natural sympathy for the situation in which she finds herself, for the reasons given, it wouldn't be fair of me to hold Lloyds responsible for her loss.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

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

Gagandeep Singh
Ombudsman