

The complaint

Mr R complains that Lloyds Bank PLC (Lloyds) is refusing to refund him the amount he lost as the result of a scam.

Mr R is being represented by a third party. To keep things simple, I will refer to Mr R throughout my decision.

What happened

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

In summary, in September 2022 Mr R started speaking to an individual (X) via a popular online dating site. After a few days of messaging the conversation moved to WhatsApp.

Mr R and X built a trusting rapport sharing personal information about themselves with each other including messages via voice notes and videos calls. X explained she had her own business but had also made a significant amount trading in cryptocurrency.

Mr R was intrigued by the investment opportunity in cryptocurrency and asked X about trading. X explained she would guide him through the process and directed Mr R to the trading platform CoinCity (that later changed to Rebitio), and after carrying out his own online searches Mr R decided to open an account.

Mr R was required to provide identification documents so his account could be opened and was told CoinCity would take a small commission. Mr R was also required to open an account with the legitimate cryptocurrency exchange Binance.

After making several payments in relation to the scam Mr R enquired about making a withdrawal from the investment but was advised against doing so with the reason that it was better to keep a significant amount in his trading account. Although Mr R was able to make a small withdrawal of £88 (\$100).

X convinced Mr R to make further and further payments on the basis that this investment was growing and that there were further opportunities available.

Part way through the investment Binance returned funds to Mr R's account with Lloyds and when he queried the reason, he was told it was because of a 'risk check'. With no further explanation. X explained that this was something that sometimes happened, and reassured Mr R so he continued to make payments.

After sending multiple payments and believing he had made a substantial profit Mr R requested a withdrawal from the investment. But his account was frozen, and he was given several reasons why he had to make further payments first.

Mr R made the payments as requested but never received his funds. Mr R was also unable to contact X, and it was clear he had fallen victim to a scam.

Mr R made the following payments in relation to the scam:

Date	Payee	Amount	Payment Method
27 September 2022	Skrill	£5,000	Transfer
30 September 2022	Skrill	£15,000	Transfer
3 October 2022	Skrill	- £88.00	Credit
6 October 2022	Skrill	£10,000	Transfer
6 October 2022	Skrill	£10,000	Transfer
6 October 2022	Skrill	£2,500	Transfer
7 October 2022	Skrill	£10,000	Transfer
7 October 2022	Skrill	£10,000	Transfer
7 October 2022	Skrill	£5,000	Transfer
10 October 2022	Skrill	£10,000	Transfer
10 October 2022	Skrill	£7,000	Transfer
10 October 2022	Skrill	£10,000	Transfer
11 October 2022	Skrill	£10,000	Transfer
11 October 2022	Skrill	- £10,000	Credit
11 October 2022	Skrill	- £6,998	Credit
12 October 2022	Skrill	£10,000	Transfer
12 October 2022	Skrill	£7,000	Transfer
17 October 2022	Skrill	£10,000	Transfer
17 October 2022	Skrill	£10,000	Transfer
17 October 2022	Skrill	£4,995	Transfer
18 October 2022	Skrill	£10,000	Transfer
18 October 2022	Skrill	£10,000	Transfer
18 October 2022	Skrill	£5,000	Transfer
27 October 2022	Skrill	£10,000	Transfer
27 October 2022	Skrill	£11,500	Transfer
28 October 2022	Skrill	£25,000	Transfer
6 December 2022	Skrill	£10,000	Transfer
6 December 2022	Skrill	£10,000	Transfer
6 December 2022	Skrill	£5,000	Transfer
7 December 2022	Skrill	£8,250	Transfer
15 December 2022	Skrill	£1,500	Transfer
16 December 2022	Skrill	£25,000	Transfer
3 January 2023	Skrill	£8,325	Transfer

Our Investigator considered Mr R's complaint but didn't think it should be upheld. Mr R 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 R has fallen victim to a cruel scam. The evidence provided by both Mr R and Lloyds sets out what happened. What is in dispute is whether Lloyds should refund the money Mr R lost due to the scam.

Recovering the payments Mr R made

Mr R made payments into the scam via the method of transfer. When payments are made via this method Lloyds has limited options available to it for recovery.

Lloyds could ask the receiving business to refund any amount that remained in the receiving account. But Mr R made payments to his own account with Binance before forwarding them to the scam. So, any funds that did remain with the payee would remain in Mr R's control.

With the above in mind, I don't think Lloyds had any recovery options available to it for the payments Mr R made

Should Lloyds have reasonably prevented the payments Mr R made?

It has been accepted that Mr R authorised the payments that were made from his account with Lloyds, albeit on X's instruction. So, the starting point here is that Mr R 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 R about the payments he was making. And if it had questioned Mr R would it have been able to prevent the scam taking place.

It was not unusual for Mr R to make large payments from his account with Lloyds, or to make payments on the same day for larger amounts. However, When Mr R made the eighth payment into the scam Lloyds fraud prevention systems were triggered and a conversation between Mr R and Lloyds took place by phone.

In summary, Mr R confirmed during this call that he was not being asked by anyone else to make payments, that he was not being given advice, or any help with his investment, and that no one else was in contact with him.

Lloyds warned Mr R about various scams it was seeing, and that Crypto investment was high risk. Mr R confirmed he was only investing an amount he could afford to lose.

It's not clear why Mr R was not honest when he spoke with Lloyds about this payment, but I think its reasonable to say that even if Lloyds had spoken to Mr R when he made an earlier payment, or later payments, that Mr R would have continued to give dishonest answers. This would have made it very difficult for Lloyds to uncover the scam that was taking place.

Taking the above into consideration I don't think Lloyds missed an opportunity to prevent the scam from taking place, so it is not responsible for Mr R'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 R to accept or reject my decision before 10 May 2024.

Terry Woodham
Ombudsman