

The complaint

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

What happened

H found an advertisement about investing in cryptocurrency on social media with a business called FXT Markets (X). H followed a link to what appeared to be a genuine and professional website. Interested in the investment opportunity, H completed an online data capture form with his contact information.

H then received a call from X who persuaded H there was a genuine investment opportunity. H was required to give identification documents to register for an account. This again made H feel the business was genuine.

H was then required to download an app for S2Trade which was required to buy cryptocurrency to be invested.

H made several payments and could see a profit was being made. X then told H the account was a high value account, and that H would need to move the funds into different markets and make a further payment, to which H agreed.

H made several more payments as requested by X for differing reasons, but when H tried to withdraw funds from the investment further payments were requested. It was clear at this stage that H had fallen victim to a scam.

H made the following payments from H's Lloyds account:

Date	Payee	Payment Method	Amount
21 December 2017	S2Trade	Debit Card	£1,002.22 (£27.56 fee)
27 December 2017	S2Trade	Debit Card	£750.17 (£20.62 fee)
27 December 2017	S2Trade	Debit Card	£1,499.44 (£41.23 fee)
27 December 2017	EW*Trading Finance	Debit Card	£1,009.06 (£27.74 fee)
2 January 2018	EW*Trading Finance	Debit Card	£2,668.54 (£73.38 fee)
5 January 2018	S2Trade	Debit Card	£1,481.00 (£40.72 fee)
9 January 2018	S2Trade	Debit Card	£739.51 (£20.33 fee)
12 January 2018	S2Trade	Debit Card	£741.77 (£20.39 fee)

Our Investigator considered H's complaint but didn't think it should be upheld. H 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.

Recovering the payments H made

H made payments into the scam via debit card. 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.

Unfortunately, H made the complaint to Lloyds outside of the allowed time to raise a chargeback and therefore Lloyds has been unable to attempt a chargeback for the payments H made into the scam.

Should Lloyds have reasonably prevented the payments H made?

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

The payments H made into the scam were all for relatively low values. It wouldn't be reasonable for me to suggest Lloyds should step in every time one of its customers makes payments to a new payee. I don't think it was unreasonable that the payments H made in relation to the scam didn't trigger Lloyds' fraud prevention systems, prompting it to step in and question H.

As I don't think it was unreasonable that Lloyds's fraud prevention systems weren't triggered, I don't think Lloyds missed an opportunity to prevent the scam and it is not responsible for H's loss.

H has said that other payments attempted for lower amounts have been stopped by Lloyds so those related to the scam should also have been stopped too. Payments can be stopped for a multitude of different reasons. But for the reasons I have explained above I still don't think it was unreasonable that the payments H made in relation to the scam weren't, and this doesn't change my decision.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask H to accept or reject my decision before 8 March 2024.

Terry Woodham

Ombudsman