

## The complaint

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

Mr A is being represented by a third party. To keep things simple, I will refer to Mr A 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, Mr A received an email detailing a home working opportunity paying £180 per day. Mr A clicked a link within the email and registered his interest. Mr A was then contacted by an individual (X) who stated that they worked for Metia Group marketing agency.

Mr A carried out online research about the company before agreeing to work for it and was provided with training over the phone. Mr A's job was to improve consumers' product ratings and part of the role included transferring funds via Binance to submit data reports.

Mr A made multiple payments in relation to the role from his accounts held at other banks before making several payments from his Lloyds account.

X then advised Mr A to apply for a loan to make further payments. This prompted Mr A to visit the offices of Metia Group where he was advised that the company had been cloned. It was clear at this stage that Mr A had fallen victim to a scam.

Mr A made the following payments in relation to the scam from his Lloyds bank account:

| <u>Date</u>  | <u>Payee</u> | <u>Payment Method</u> | <u>Amount</u> |
|--------------|--------------|-----------------------|---------------|
| 14 July 2022 | Binance      | Debit Card            | £245.24       |
| 18 July 2022 | Binance      | Debit Card            | £978.14       |
| 18 July 2022 | Binance      | Debit Card            | £1,403.42     |

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

*Recovering the payments Mr A made*

Mr A made payments into the scam via his 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.

Mr A was dealing with the scammer that instigated the scam. But Mr A didn't make the debit card payments to the scammer directly, he paid a separate cryptocurrency exchange (Binance). This is important because Lloyds would only have been able to process chargeback claims against the merchant he paid (Binance), not another party (such as the scammer).

The service provided by Binance would have been to convert or facilitate conversion of Mr A's payments into cryptocurrency. Therefore, Binance provided the service that was requested; that being the purchase of the cryptocurrency.

The fact that the cryptocurrency was later transferred elsewhere – to the scammer – doesn't give rise to a valid chargeback claim against the merchant Mr A paid.

I have also considered whether Mr A should receive a refund for the payments he made into the scam under the Contingent Reimbursement Model (CRM) Code. But the CRM code doesn't cover payments made by debit card so it would not apply.

*Should Lloyds have reasonably prevented the payments Mr A made?*

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

The payments Mr A made from his Lloyds account in relation to the scam were not significant in value and were made to a legitimate business. It wouldn't be reasonable for me to suggest Lloyds should step in every time one of its customers makes relatively low value payments to legitimate businesses, even if they had not previously made payments to the business.

The final payment Mr A made in relation to the complaint did leave his account balance over the agreed overdraft arrangement, but this wouldn't have appeared unusual to Lloyds. Mr A often ran his account close to this limit and on occasion surpassed it.

Overall, I don't think it was unreasonable that the payments Mr A made in relation to the scam didn't trigger Lloyds' fraud prevention systems prompting it to question Mr A about them. So, Lloyds did not miss an opportunity to prevent the scam and it is not responsible for Mr A'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 A to accept or reject my decision before 23 April 2024.

Terry Woodham  
**Ombudsman**