

The complaint

Miss K complains that Lloyds Bank PLC ("Lloyds") have failed to refund over £5,000 she lost to an investment scam beginning in September 2022.

The details of this complaint are well known to both parties, so I won't repeat everything again here. Instead, I will focus on giving the reasons for my decision.

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:

- It isn't in dispute that Miss K authorised the disputed payments she made to her Binance wallet using her Lloyds debit card (where her funds were subsequently transferred on to the scammers from her crypto wallet). The payments were requested using her legitimate security credentials provided by Lloyds, and the starting position is that banks ought to follow the instructions given by their customers in order for legitimate payments to be made as instructed.
- However, I've considered whether Lloyds should have done more to prevent Miss K from falling victim to the scam, as there are some situations in which a bank should reasonably have had a closer look at the circumstances surrounding a particular transfer. For example, if it was particularly out of character.
- I appreciate that overall, Miss K has lost over £5,000 which is a significant amount of money. But this amount wasn't paid in one large or 'out of character' transaction. It was spread over 13 separate smaller increments across the space of around three weeks which, in my judgment, would not have appeared particularly unusual or out of character. The payments were not of such an amount, for example, that they would represent a significant deviation from the way Miss K's account was normally run. The largest payment she made as part of the scam, for example, was for £750, but I can see she had made payments of a similar value a few months prior to this, such as a debit card payment of £665 in August 2022.
- I also acknowledge there were occasions where more than one payment was made on the same day to Binance, and I accept that multiple payments being made in quick succession to the same payee can often be indicative of fraud. But having reviewed the disputed transactions in this case, I'm not persuaded they ought to have triggered Lloyds' fraud monitoring systems on this basis. On the occasions where Miss K made more than one payment to Binance on the same day, the cumulative total of these payments was still not significant enough to indicate an increased risk of financial harm. And neither do I think the pattern or frequency of these payments would've appeared overly unusual either.

- As a result, I'm not persuaded there was anything that ought reasonably to have triggered Lloyds' fraud monitoring systems in these circumstances, so I don't think it acted unreasonably by failing to make further enquiries before allowing the payments to be made.
- Miss K's representatives have also said that she was 19 at the time and living away from home, such that Lloyds should have prevented the payments due to Miss K being in a vulnerable position. However, I'm not persuaded that these circumstances amount to a vulnerability; there's little to indicate that she wasn't able to protect herself from the risk of being scammed by virtue of her age or where she was living.

I appreciate this will likely come as a disappointment to Miss K, and I'm sorry to hear she has been the victim of a cruel scam. However, in the circumstances, I do not consider it would be fair and reasonable to hold Lloyds liable for her loss.

My final decision

For the reasons given above, I do not 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 18 March 2024.

Jack Ferris
Ombudsman