

The complaint

Mr S and Mrs B complain that Lloyds Bank PLC (“Lloyds”) won’t refund £20,400 they lost to an investment scam beginning in May 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 Mr S and Mrs B authorised the disputed payments they made to their Wise account using their Lloyds debit card (where the funds were subsequently transferred on to the scammer). The payments were requested using their 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 Mr S and Mrs B 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, Mr S and Mrs B have lost over £20,000 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 four separate smaller increments of £5,100 which, according to Lloyds’ transaction data, was paid on each of the following dates:

27 May 2022

31 May 2022

2 June 2022

4 June 2022

In my judgment, these payments would not have appeared particularly unusual or out of character when compared with Mr S and Mrs B’s spending history. I can see from their statements that they had made much larger payments by debit card in the preceding months, for example, with one payment being for £32,990. So, I don’t think four payments of £5,100 made over the space of a week would’ve appeared overly unusual for the account.

- I’m also not persuaded there were any other significant indications that Mr S and Mrs B were at risk of financial harm either. The payments didn’t drain the account of all its funds and the account was left with a significant balance in excess of £100,000. There

also wasn't a pattern of multiple payments being made on the same day in quick succession. Mr S and Mrs B initially said that multiple payments *were* made on the same day from their Lloyds account, though they have since acknowledged this was a mistake. And while I appreciate their statements do show two payments being made on 6 June 2022, this was the date in which the money debited the account. Lloyds' transaction data shows that the payment instructions were actually made on 2 June 2022 and 4 June 2022. In any event, Mr S and Mrs B's statements show that it wasn't uncommon for them to make multiple debit card payments to the same merchant in the same day.

- As a result, I'm not persuaded there was anything that ought reasonably to have triggered Lloyds' fraud monitoring systems, or that would have indicated they were in the process of being scammed.
- I also don't consider there was anything more Lloyds could've done to recover the money after the fraud was reported. There would've been no prospect of a chargeback claim succeeding, for example, as Mr S and Mrs B had paid money to their own account.

I appreciate this will likely come as a disappointment to Mr S and Mrs B, and I'm sorry to hear they've 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 their 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 Mr S and Mrs B to accept or reject my decision before 20 March 2024.

Jack Ferris
Ombudsman