

The complaint

Mr M complains Lloyds Bank PLC didn't do enough when he fell victim to two investment scams.

What happened

Mr M had an account with Lloyds Bank which was closed following these two scams.

Scam one

Mr M says he received a message in October 2021 on a well-known social media platform from a woman who appeared to be living a luxurious lifestyle and who explained she was a millionaire once they got speaking. Mr M says the woman introduced the topic of money after they'd been speaking for a month and explained that she made significant amounts of money from cryptocurrency and foreign exchange trading. Mr M says he was encouraged to set up a trading account – having been told he could make £250,000 within six months if he made a serious investment – and sent several payments by way of investment. Mr M says he carried on investing until February 2022 at which point he realised he'd been scammed – he kept on being told he'd have to make more and more payments to withdraw his money.

Scam two

Mr M says he received a message in November 2021 on the same platform from a woman who was friendly and who he had a lot in common with. He says she started talking about trading in December 2021 and about the considerable extra income she said she made that way. Mr M says he expressed interest and in December 2021 started to invest. He says that he could see the profits he was making and that he had made around \$100,000 profit by January 2022. He says he tried to make a withdrawal in February 2022 and was told he'd need to pay a fee of around £22,000 in order to do so. He paid. Mr M says he never received the profits he'd made and at which point he realised he'd been scammed.

Total amount lost and complaining to Lloyds Bank

Mr M says that between December 2021 and February 2022 he sent payments totalling just over £135,000 towards these two separate investment scams. He says he used all of his life's savings to help fund the payments and took out loans and that he was forced to enter into an IVA for around £54,000 as a result.

Mr M's representatives complained to Lloyds Bank in November 2022 saying that it hadn't done enough when Mr M had fallen victim to these two scams. Mr M's representatives said that Lloyds Bank had spoken to Mr M over the phone about some of the payments but allowed them to go through when he said he was buying a car even though at that stage he'd sent payments totalling more than £30,000. Mr M's representatives also said that Mr M had gone into his local branch to make some of the payments and that the staff there didn't question him properly as to the real purpose of the payments.

Lloyds Bank looked into Mr M's claims and complaint and said that it had warned him about

scams and when questioned he'd said that he was making international payments in order to purchase goods from abroad that he was reselling on a well-known online platform. In addition, Lloyds Bank said that Mr M had said he wasn't receiving advice from any broker or anyone online and that he was receiving help from someone who he'd physically met. In other words, Lloyds Bank said that Mr M had ignored its warnings when it had called and not answered its questions truthfully. However, Lloyds Bank agreed to refund 50% of the payments Mr M had made from the tenth payment onwards – totalling just under £42,000 plus 8% interest – because it was unable to gain an up-to-date version of events of what had happened when Mr M went into branch. In other words, from 4 January 2022 onwards when Mr M made an £18,888 international payment from branch. Mr M's representatives were unhappy with Lloyds Bank's response and so complained to our service.

One of our investigators looked into Mr M's complaint and said that they thought Lloyds Bank's offer was more than generous – given that Mr M had ignored Lloyds Bank's warnings and not answered its questions honestly. So, they didn't think it would be fair to ask Lloyds Bank to do more. Mr M's representatives didn't agree and asked for his complaint to be referred to an ombudsman for a decision. His complaint was, as a result, passed to me.

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.

Lloyds Bank has told us that it hasn't been able to pay Mr M the refund it offered because it didn't have account details for Mr M as his account had been closed. So, if I decide that its offer is a fair one then ordinarily I'd issue a final decision requiring Lloyds Bank to pay the amount that it's agreed to pay. That way Mr M is able to make that offer legally binding by accepting my decision. In this case, for the reasons I'll give in a moment, I don't think that would be an appropriate thing to do. Before I explain why, I'll explain why I agree with our investigator that Lloyds Bank's offer is generous.

In this case I'm satisfied that Lloyds Bank spoke to Mr M on a number of occasions about the payments he was making, warned him that he was possibly being scammed and asked him questions to understand whether or not he was being scammed, including why he was making the payments and whether or not anyone else was involved. I'm satisfied that Mr M didn't answer Lloyds Bank's questions truthfully on multiple occasions and gave Lloyds Bank answers that were sufficient to get it to agree to release the payments in question. In this case, for those reasons, I don't think Lloyds Bank should have been expected to ask more, and I don't think it missed an opportunity to prevent losses to Mr M. I can understand why Lloyds Bank has given Mr M the benefit of the doubt from the tenth payment onwards – because it can't show the staff in the branches intervened appropriately – but agree with our investigator that its offer is generous. In other words, in this case I wouldn't tell Lloyds Bank to do more than it has offered to do so as I consider its offer to be generous.

In a case like this, where a business has made an offer but not yet paid, as I've already mentioned we'd normally require the business to make the payment when issuing our decision. That's so that the consumer can make the offer legally binding by accepting our decision. Mr M has, however, explained that he ended up entering an IVA as a result of loans he took out to fund the payments he made in relation to these two scams. Any payment Lloyds Bank makes would have to take this into account – and it's distinctly possible that the payment would have to go towards the IVA. In the circumstances, I don't think it's right for me to require Lloyds Bank to pay Mr M the amount that it has offered. Instead, I'm going to leave it to the parties to work out who that payment should go to as this will likely involve speaking to the insolvency practitioner who was / is in charge of Mr M's IVA.

My final decision

My final decision is that the offer Lloyds Bank PLC made – to refund Mr M 50% of his losses from his tenth payment onwards – is generous. In the circumstances, I'm not going to require Lloyds Bank PLC to do more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 29 March 2024.

Nicolas Atkinson
Ombudsman