

The complaint

Mr S complains that Lloyds Bank PLC did not refund a series of payments he says he lost to a scam.

What happened

Mr S fell victim to a task-based job scam, in which he was convinced he needed to pay money to his 'employer' in order to earn higher levels of commission on the tasks he was completing. In order to do this, Mr S opened a cryptocurrency wallet and topped this up using his Lloyds account, before forwarding it onto the scammer. He made the following payments from his Lloyds account:

- 10/08/2023: £900
- 10/08/2023: £1,775
- 11/08/2023: £1,000

Mr S says he realised he had been a victim of a scam shortly after this, and raised a scam claim with Lloyds around a month later on 11 September 2023. Lloyds issued a final response in which they explained they did contact Mr S after they had concerns with the final £1,000 payment he had attempted to make. When they spoke to Mr S, he confirmed he was purchasing a specific cryptocurrency coin and that he had been using his crypto wallet since 2017. He also confirmed he was acting alone. Lloyds felt that had they contacted Mr S sooner, he would have given the same answer and the scam would not have been revealed.

Mr S referred the complaint to our service and our Investigator looked into it. They agreed with Lloyds, that Mr S's answers in the intervention call meant it was reasonable Lloyds did not have concerns over the payments in question and the scam was therefore not revealed. Because of this, they did not think an earlier intervention would have made a difference. In later correspondence, the Investigator also confirmed that they did not think the earlier payments were of a significant enough value to warrant intervention.

Mr S disagreed with the findings. He explained that he was already aware he had fallen victim to a scam when the intervention call happened, and he was not in the right mental state to discuss it. But had Lloyds intervened sooner, he would have been open with them and the scam would have been revealed. He also provided a number of decisions issued by our service which he felt showed Lloyds should have intervened in the earlier payments.

As an informal agreement could not be reached, the complaint has been passed to me for a final 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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards;

codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Mr S authorised the payments in question as he believed they were part of a legitimate job opportunity. So, while I recognise that he didn't intend the money to go to scammers, the starting position in law is that Lloyds was obliged to follow Mr S's instruction and process the payments. Because of this, he is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Lloyds did enough to try to keep Mr S's account safe.

I can see that Lloyds did intervene when Mr S attempted to make the payment of £1,000, and I don't think they needed to do so any earlier than this. I have considered Mr S's comments and evidence carefully, including the other decisions he has provided for cases he feels are similar. However, every case must be assessed on its individual merits and a point at which a bank should intervene can vary for a number of different factors.

In Mr S's case, I have considered that he generally only made transfers to other accounts in his name, as well as some payments to other individuals. However, the transfers to other accounts in his name were for similar or higher values than the payments in question. With this in mind, I don't think the general value of the payments were unusual in comparison to the genuine account activity.

I've considered that these payments were to a known cryptocurrency exchange, which inherently carry a higher risk level due to the type of scams associated with cryptocurrency. But this also must be balanced with the fact many individuals make genuine payments to cryptocurrency exchanges every day, and it would not be practical for financial institutions to therefore stop every single payment going to a known cryptocurrency exchange.

Considering all of this, I think it was reasonable that Lloyds suspended the account when Mr S attempted to make the third payment of £1,000 on 11 August 2023. This was the third payment to a known cryptocurrency exchange over the course of two days and brought the total attempted value of the transfers to £3,675. On balance, I think this raised the possible risk level of the final payment to a level where it was reasonable for Lloyds to step in and check the purpose of the payment and ensure Mr S was not at risk of financial harm. I therefore think the intervention point was reasonable on this case.

I've gone on to consider the intervention itself. Mr S has said he was already aware he had been the victim of a scam at this point; however this does not seem to tie in with the chats between himself and the scammer. And if he was already aware of the scam at that point, I would assume he did not forward the £1,000 from his crypto wallet to the scammer's account. However, he has included the £1,000 as a loss in this case. I have therefore considered this intervention call as if Mr S was still under the spell of the scammer.

The call handler asked Mr S what the purpose of the transfers were, and included the

payments made the day before. Mr S sounded confident in his reply and mentioned a specific cryptocurrency coin that he was purchasing. He also confirmed he had been investing in cryptocurrency through the same exchange since 2017, and mentioned another coin that he had previously invested in. Mr S was then given a generic investment scam warning, which is what I would have expected Lloyds to do in the circumstances.

Having considered the call in its entirety, I don't think the answers Mr S gave indicated he was at risk of financial harm or that he could be the victim of a job scam. So, I think it was reasonable that Lloyds released the payment without further checks and that the scam was not revealed at the time. I therefore do not think Lloyds needs to reimburse Mr S in the circumstances.

Lloyds was unable to recover the funds, as they had been passed to another account in Mr S's own name before being forwarded on to the scammer's account. So, I don't think they made an error when they did not recover Mr S's funds.

I understand that this will be very disappointing for Mr S, and I recognise that he has been the victim of a cruel and manipulative scam. But I do not consider that it would be fair to hold Lloyds responsible for the loss, so I won't be asking it to refund any of that loss to him.

My final decision

I do not uphold Mr S's complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 February 2025.

Rebecca Norris
Ombudsman