

## The complaint

Ms B has complained that Lloyds Bank PLC (“Lloyds”) failed to protect her from falling victim to an employment-related scam.

## What happened

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

Ms B has used a professional representative to refer her complaint to this service. For the purposes of my decision, I’ll refer directly to Ms B, but I’d like to reassure Ms B and her representative that I’ve considered everything both parties have said.

Ms B explains that around July 2023 she was contacted by an individual (“the scammer”) on a popular messaging application offering her an employment opportunity. She says that she’d recently uploaded her CV to some online job websites as she was looking for work, so she didn’t find this unusual. Ms B expressed an interest in the role and she says the scammer explained that the job involved completing online reviews of products in order to boost their search results and sales. Ms B was told she’d need to deposit funds into a “work platform” in order to simulate buying the items before reviewing them, and she’d then complete three sets of 45 tasks per day, and she’d receive 10-20% in commission in return. She says she was told she could then withdraw her earnings as well as her initial outlay.

Ms B says the company’s website was convincing and she also found that they were registered with the correct authorities. She also says she was added to a messaging group in which other supposed employees discussed the successes they were having in the role.

Over the course of around three weeks Ms B made 13 payments to her own account at another bank, as well as at cryptocurrency exchanges. Ms B then purchased cryptocurrency which she then sent on to the scammer, under the impression she was depositing funds into her work account.

The payments Ms B made as part of the scam were as follows:

	<b>Date</b>	<b>Amount (£)</b>	<b>Type</b>
1	08/07/2023	3,500	Debit card
2	12/07/2023	1,500	Online payment
3	12/07/2023	3,500	Debit card
4	16/07/2023	3,000	Debit card
5	16/07/2023	2,200	Debit card
6	16/07/2023	2,500	Debit card
7	17/07/2023	2,500	Online payment
8	20/07/2023	1,024.50	Online payment
9	25/07/2023	1,000	Online payment
10	25/07/2023	2,000	Online payment

11	25/07/2023	3,000	Debit card
12	28/07/2023	2,000	Online payment
13	28/07/2023	2,000	Debit card
<b>Total</b>		<b>29,724.50</b>	

Ms B says she realised she'd been scammed when she attempted to withdraw her earnings but she was told she had to pay a fee to cover the tax before being able to do so.

Ms B made a complaint to Lloyds in which she said that its systems failed to pick up on out-of-character transactions that were indicative of her falling victim to a scam. She also said the scam would've been prevented if Lloyds had appropriately intervened. Lloyds didn't uphold the complaint as it said Ms B should've done more checks in relation to the employment opportunity before making the payments. It also said Ms B had sent the funds to another account in her own name before forwarding them on to the scammer from that account. Additionally, Lloyds said that it intervened before some of the payments were made, and Ms B told it the payments were for a holiday, instead of their true purpose. Ms B remained unhappy so she referred the complaint to this service.

Our investigator considered everything and didn't think the complaint should be upheld. He explained that although Lloyds had intervened before two of the payments were made, Ms B hadn't given it accurate answers so Lloyds wasn't able to uncover the scam in the way it may've otherwise been able to.

As Ms B didn't accept the investigator's opinion, the case has been passed to me to make a 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.

I'm sorry to disappoint Ms B but having considered everything I'm afraid I'm not upholding her complaint, broadly for the same reasons as our investigator, which I've set out below.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's not in question whether Ms B authorised these payments from leaving her account. It's accepted by all parties that Ms B gave the instructions to Lloyds and Lloyds made the payments in line with those instructions, and in line with the terms and conditions of Ms B's account.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from their customers are firstly genuine, and secondly won't result in harm.

As a starting point, I can see from Lloyds' records that when Ms B made the online payments she was asked for the purpose of those payments. She told Lloyds that she was sending funds to friends and family – which wasn't accurate. She was then given a written warning related to paying friends and family, which said: *"Did a loved one text you, asking for money? Did the text come from a new number? If so, don't make this payment now. First, speak to your loved one and check they've asked for this money. Find out how to stay safe from scams on our Fraud Hub"*.

Whilst this warning wasn't particularly effective against the scam that Ms B was falling victim to, I don't think that's because of something Lloyds did wrong. Ms B selected an inaccurate payment purpose, and therefore received a warning that was relevant to what she'd told Lloyds, albeit unrelated to the scam in question here.

I can also see that before the payments for £2,500 on 17 July 2023 and £2,000 on 25 July 2023 were released, Lloyds had telephone conversations with Ms B. I haven't been provided with recordings of those calls but I've been provided with transcripts, which I'll summarise. These transcripts have been provided in full to Ms B's representative.

In the first call Lloyds asks where the payment is being sent to, and why – and points out that it wouldn't be able to recover the funds if they're sent as part of a scam. Ms B confirms it's being sent to her own account held with a different bank, which was recommended by her sister, and she'd receive a "refer a friend" incentive for Ms B crediting her account. Lloyds asks her what she'll use the account for, to which Ms B says she'll use it if she goes travelling, and after some further verification of the account's details Lloyds checks that Ms B still wants to make the payment, which she confirms she does. Lloyds then asks her to confirm that nobody has contacted her and asked her to move the money for any reason, and to confirm that it's a genuine payment that she wishes to make, and not because she's been convinced to make it by somebody else. Ms B confirms both statements and the payment is completed.

In the second call Lloyds asks Ms B for the reason for the payment and Ms B informs it that she's putting the money aside as she's going on holiday. Lloyds then outlines that many customers are being scammed as a result of receiving unsolicited phone calls, text messages and emails in which scammers impersonate genuine organisations, and the agent informs Ms B they want to check this isn't happening to her. It appears from the transcripts that Ms B replied "No, no" to this statement. Lloyds then checks whether the payment is related with an investment, to which Ms B confirms it's not, and Lloyds again informs her it is attempting to protect her from being scammed. It asks her why she split the payment into two parts, to which Ms B says she assumed one larger payment wouldn't "go through". After some further small talk, the payment is processed in line with Ms B's instructions.

Having reviewed these phone calls, there's an argument to say that Lloyds could've made them more effective. Whilst the calls did include some generic warnings and information about the landscape in relation to scams, I think Lloyds probably could've gone further to better understand the circumstances behind the payments, and provide more tailored advice and warnings to Ms B in response to what she told it. But in thinking about this, it's also important to consider whether that would've made a difference.

I don't think Lloyds interrogating Ms B further during the phone calls would've made a difference in this case. Ms B had several opportunities to disclose the true circumstances behind the payments, starting from the point at which she chose the purpose for them, which she selected incorrectly. She was then asked direct questions during the phone calls, such as whether she'd been asked or told to make the payments by anyone, what they were for, and whether they were linked to investments. Ms B gave Lloyds inaccurate answers to all of these questions, which it seems was to dampen its suspicions and ensure the payments were processed. And with this in mind, Ms B didn't give Lloyds a fair chance to intervene fully based on the true facts of the scam she's now complained about, so I can't hold Lloyds responsible for not taking more action than it did.

I've seen Ms B's representative's comments that Lloyds should've identified that the large value of the payments make it clear they weren't for a holiday and were in fact for cryptocurrency.

Despite the fact that Ms B had made other recent cryptocurrency transactions, the bank transfers in relation to this scam were made to a bank account in Ms B's own name and weren't identifiably related to cryptocurrency in any way. I wouldn't have expected Lloyds to know that without having to interrogate Ms B to what could be considered an unacceptable level. It's also important to keep in mind that Lloyds did directly ask Ms B whether the payments were related to the other cryptocurrency payments she'd made, or to an investment, and she confirmed they were not.

Ms B's representative also said in response to our investigator's opinion that "they [Ms B] should not be punished for answering one question in a way you do not like, they clearly were not lying or hiding anything as they told the bank it was going into cryptocurrency". But as I've outlined, I don't agree with this point, so it doesn't change my decision.

In reviewing this case and the allegations against Lloyds, I've also considered whether Ms B may've been responsible for any of the losses she experienced – and having considered that, I think she was.

I accept that Ms B had signed up to various recruitment agencies as she'd been looking for work, but it's very unusual for a recruiter to contact a prospective candidate and offer them a job through a messaging app, without having ever spoken to them, or without any form of recruitment process.

In addition, I understand Ms B said she was convinced by the company's professional website, but I'm not aware that she received any kind of paperwork or employment contract showing what she thought she'd been offered, or what she'd agreed to do in return. This, as well as having to pay cryptocurrency in advance to earn money by working, isn't a plausible scenario, and for these reasons I think Ms B should've exercised more caution before making the payments she did, and it's not Lloyds' responsibility for what she lost.

### Recovery of the funds

I haven't seen that Lloyds attempted to recover the funds Ms B sent as part of the scam.

But as the funds had been made available to Ms B in her account held with another bank, and she'd then forwarded them on and used them to purchase cryptocurrency, Lloyds wouldn't have been able to recover anything, as she'd effectively spent the money she sent. So I don't think Lloyds ought to have done more here.

In this case some of the payments were made using Ms B's debit card, so the chargeback process is relevant. In simple terms a chargeback is a mechanism for a consumer, via their card provider, to reclaim money from a retailer's bank when something has gone wrong, provided the transaction meets the eligibility criteria. It's for the card provider to decide whether to raise a chargeback, and it only needs to do so if it has a reasonable prospect of success.

It's also relevant to note that raising a chargeback isn't a legal right, and it's for the debit or credit card provider to decide whether to make a chargeback request to the retailer's bank. The process for managing these claims is determined by a set of rules by the card payment networks and there are no guarantees the card provider will be able to recover the money through the chargeback process.

In order for Lloyds to raise a successful chargeback it'd need to provide evidence that the merchants didn't provide the goods or services that Ms B paid for. So although I understand Ms B used her debit card to purchase cryptocurrency which she sent on to the scammer, there's no evidence that merchant didn't fulfil their obligation to provide the cryptocurrency

that was paid for. The dispute doesn't lie between Ms B and the merchant, but instead Ms B and the scammer, so there wasn't a reasonable prospect of a chargeback claim being successful, so I don't think that was a route that Lloyds ought to have pursued.

I'm very sorry that Ms B has fallen victim to this scam and I do understand that my decision will be disappointing. But for the reasons I've set out above, I don't hold Lloyds responsible for that.

### **My final decision**

I don't uphold Ms B's complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 25 December 2024.

Sam Wade  
**Ombudsman**