

The complaint

Mr A complains that Lloyds Bank PLC didn't do enough to protect him, or then recover his funds, when he fell victim to a scam.

What happened

In August 2021, Mr A and his wife came into contact with someone via Mrs A's work who said he could make them a website for her business. They started off by paying this person directly and then made payments to a website development firm for the same project. They never received a functioning website and discovered that the firm they paid was using online templates and other people's designs to build their website, not doing it from scratch as they expected. The original person they met also falsely told Mr A and his wife they were renting a shared office space. And he tried to persuade them to help him deceive his local council.

Mr A sent a faster payments in August 2021 directly to the original person they met. In October and November 2021 he paid the web design company on his business debit card. And in December 2021 he paid the same firm on his personal debit card. Mr A also made a cash payment.

Mr A complained to Lloyds about these payments in 2023. It considered the faster payment under the Contingent Reimbursement Model (CRM) code, but said Mr A wasn't due a reimbursement. It tried to recover this money from the receiving bank, but it didn't receive a reply. It didn't consider any of the payments should've triggered an intervention and said a chargeback claim couldn't be made due to the time passed. Mr A disagreed and complained to Lloyds, but it didn't change its stance, so he came to our service.

Our investigator thought Lloyds had dealt with Mr A fairly. She didn't think Mr A had a reasonable basis for belief in why he was sending the faster payment. And she didn't think Mr A was due any refund on the other payments, as they weren't so suspicious that any of them required an intervention or an effective warning. She agreed that Mr A was too late to raise a chargeback claim. Mr A asked for an ombudsman to reconsider his case, so it's been passed to me for 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.

Having done so, I agree with the conclusions reached by the investigator for these reasons:

- It's not in dispute that Mr A has been the victim of a cruel scam. I accept that he's provided a great deal of documentation to our service to evidence this, including voice recordings and screenshots. And explained the very difficult situation his family has been left in. But what I have to decide is whether Lloyds actions were reasonable – and these are separate to the actions of the scammer.
- I've considered whether Mr A is due a refund under the CRM code for the faster payment

he made and I don't think he is.

- Considering it was a £1,000 payment to another person, I don't think Lloyds needed to provide Mr A with an effective warning in this case. I don't think the payment was indicative of a faster payment scam or so unusual or out of character, so that it was required to do this – or that it more generally needed to intervene on this payment.
- And I don't consider that Mr A ought to have had a reasonable basis for belief in what he was paying for here. Mr A met the scammer by chance, but then parted with a large sum of money. He was paying for online services, but has indicated he didn't see any online evidence of the scammer's ability to produce this work. He initially paid the scammer directly not via the business it's been suggested he was linked to. And Mrs A also didn't verify the scammer, his credentials or compare the services offered with other companies to check his legitimacy and the price being charged.
- Due to this, I don't consider Lloyds acted unfairly in not providing Mr A with reimbursement under the CRM code.
- In relation to the debit card payments, I'm not persuaded that Lloyds needed to intervene on any of these either. The payments from Mr A's personal account are all low value and not out of character with his everyday spending, so I don't think they ought to have concerned Lloyds.
- Looking at Mr A's business account, considering the values of the payments and how spread out they are, I also don't think these ought to have concerned Lloyds. So it didn't need to intervene on these payments either. So I don't consider Lloyds missed any opportunities to stop Mr A making the payments to the scammer at the time.
- I've then thought about whether Lloyds should've done more to try and recover Mr A's funds. Lloyds did contact the receiving bank in relation to the transfer, but it didn't get a response. Considering the time between Mr A making the bank transfer and it being reported as a scam, I think it's unlikely any funds would've remained, and in any event, Lloyds didn't need to do more than it did.
- In relation to the debit card payments, Lloyds said it couldn't start a chargeback claim as Mr A was outside of the applicable timescales – more than 120 days since the payments were made. I think it's followed the correct process here and it was too late to start a chargeback for any of the debit card payments when Mr A complained.
- Mr A has said that he should get 540 days under the VISA chargeback rules to bring a claim and his payments are inside this. But this extension is provided for situations where someone wouldn't know if the goods/service would be provided as agreed within 120 days. For example if you booked and paid for a holiday in advance, so you wouldn't have gone on it within the normal timescales. Mr A was expecting to start to receive the services he was paying for at the time he was paying for them, so I agree the limit of 120 days applies to his case.
- While I accept Mr A was the victim of a scam, I don't consider Lloyds should've intervened on any of the payments he made to this scam. And I don't consider it could've recovered his funds or that he's due a refund under the CRM code. So I don't uphold his complaint.

My final decision

For the reasons set out above, I don't uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 6 November 2024.

Amy Osborne
Ombudsman