

The complaint

Mrs A complains that Lloyds Bank PLC didn't do enough to protect her, or then recover her funds, when she fell victim to a scam.

What happened

In August 2021, Mrs A and her husband came into contact with someone via her 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 Mrs A and her husband they were renting a shared office space. And he tried to persuade them to help him deceive his local council.

Mrs A sent faster payments in August and early September 2021 directly to the original person they met. She complained to Lloyds about these payments in 2023 and it agreed to reimburse her from the second payment she made, but at 50% due to an exception under the Contingent Reimbursement Model (CRM) code. It also tried to recover this money from the receiving bank, but it didn't receive a reply. Mrs A disagreed and complained to Lloyds, but it didn't change its stance, so she came to our service.

Our investigator thought Lloyds had dealt with Mrs A fairly. She didn't think Mrs A had a reasonable basis for belief in why she was sending this payment, so felt a 50% reimbursement was fair. And she didn't think Mrs A was due any refund on the first payment, as it wasn't suspicious and so didn't require an intervention or an effective warning. Mrs A asked for an ombudsman to reconsider her 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 Mrs A has been the victim of a cruel scam. I accept that she's provided a great deal of documentation to our service to evidence this, including voice recordings and screenshots. And explained the very difficult situation her 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 Mrs A is due a full refund under the CRM code for the faster payments she made, but I don't think she is.
- The first payment Mrs A made in relation to this scam was for £2,000 and went to another person's account. I don't think Lloyds needed to provide Mrs A with an effective warning in this case, considering the low risk factors this payment presented. I don't think

the payment was indicative of an APP scam, or that Lloyds more generally needed to intervene on this payment.

- Lloyds did intervene on the second payment Mrs A was sending, so under the CRM code it has partially refunded her from this time on. It considers it missed an opportunity here to provide an effective warning. As it accepts it held responsibility from this time, I don't need to consider Lloyds actions further. I only need to decide whether its decision to apply an exception to reimbursement under the CRM code is fair.
- Lloyds has concluded that Mrs A didn't have a reasonable basis for belief in what she was paying for, so it's only refunded her 50% of the upheld payments. Looking at the evidence we hold, I think it's fairly applied this exception to reimbursement.
- Mrs A met the scammer by chance, but then in combination with her husband, parted with a large sum of money. She was paying for online services, but has indicated she didn't see any online evidence of the scammer's ability to produce this work. She 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.
- Mrs A has also told us about a number of concerning and unprofessional behaviours exhibited by the scammer, which means she should've had concerns about his authenticity and legitimacy.
- Due to this, I don't consider Lloyds acted unfairly in reimbursing Mrs A 50% of the scam payments, from the second payment she made.
- I've then thought about whether Lloyds should've done more to try and recover Mrs A's funds. Lloyds did contact the receiving bank to try and recover the funds, but it didn't get a response. Considering the time between Mrs A making the bank transfers and reporting the 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.
- I don't uphold Mrs A's complaint as I think Lloyds has provided her with the correct redress considering the exceptions for reimbursement under the CRM code. And it made reasonable attempts to recover her funds, but these weren't successful.

My final decision

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

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

Amy Osborne
Ombudsman