DRN-4723250

The complaint

Mr T complains about the actions of Lloyds Bank Plc when he was tricked into transferring money as a result of a scam.

Mr T is being represented by a claims management company but for ease I'll refer to Mr T in my decision.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. Both parties are in agreement that Mr T thought he was sending genuine payments towards an investment that turned out to be a scam, so I won't repeat those points here.

Our investigator didn't think the complaint should be upheld. He said that the payments weren't sufficiently unusual for Lloyds to have stepped in here considering the previous spending on Mr T's account. And because the payments were made by card to an account in Mr T's name where he converted it to crypto, there were no avenues for Lloyds to recover the money Mr T had lost. The investigator added that the offer of £40 by Lloyds for the service it provided was reasonable here.

Mr T disagreed and asked for an Ombudsman's review. He said that the payments were unusual for his account and more should've been done by Lloyds to intervene. If it had then the scam would've likely been uncovered.

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've reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Mr T has been the victim of a cruel scam. I know she feels strongly about this complaint and this will come as a disappointment to her, so I'll explain why.

Where the evidence is incomplete, inconclusive, or contradictory (as it is here), I have to make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

It is common ground that Mr T authorised the scam payments here. I accept that this was an authorised payment even though Mr T was the victim of a scam. So, although it wasn't his intention to pay money to the scammers, under the Payment Services Regulations 2017 (PSRs) and the terms of his account, Mr T is presumed liable for the loss in the first instance.

However, taking into account the law, regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Lloyds to take additional steps or make additional checks before processing a payment in order to help protect customers from the possibility of financial harm from fraud.

Lloyd's first obligation is to follow the instruction that Mr T provided. But if those instructions are sufficiently unusual or uncharacteristic for the account, I'd expect Lloyds to intervene and to ask their customer more about the intended transaction before processing it. I'd also expect Lloyds to provide suitable warnings about common scams to help their customers make an informed decision as to whether to continue with the payment. There might also be cases where it's appropriate for Lloyds to refuse to follow the instruction if there are good grounds to believe it is being made as a result of a fraud or scam.

The starting point here is whether the instructions given by Mr T to Lloyds to transfer a total of around £5,347.37 across seven payments (ranging from £5.10 to £2,454.90) were unusual in relation to his typical account activity. So, I've reviewed the account statements for the twelve months prior to the scam payments being made. I think this gives a sufficient sample size to fairly assess the activity. The account was typically well managed and maintained a healthy balance. And the payments he made towards the scam were similar to payments he had made in the past - with Mr T making payments ranging from around £1,200 - £1,760 previously.

I note that Mr T hadn't send money to a crypto exchange before, but account usage can change over time and I don't consider the payments he made here to be sufficiently unusual in their amounts and patterns that Lloyds should've been reasonably suspicious of them and intervened at the time.

Recovery

The only other avenue for Mr T to recover his money was via a chargeback. A chargeback isn't guaranteed to result in a refund, there needs to be a right to a chargeback under the scheme rules and under those rules the merchant or merchant acquirer can defend a chargeback if it doesn't agree with the request. Unfortunately, in this case the merchant was a genuine crypto exchange who didn't do anything wrong. We would only expect Lloyds to raise a chargeback if it was likely to be successful. Based on the available evidence this does not look like a claim that would have been successful. So, Lloyds didn't treat Mr T unfairly by rejecting his chargeback claim.

The investigator felt the offer of £40 by Lloyds for the service it provided was appropriate. I've looked at what happened here, and I agree with the investigator and for largely the same reasons – that the offer from Lloyds is reasonable.

I'm sorry to hear Mr T has been a victim in this way, but I don't think Lloyds are responsible for his loss and so I can't fairly ask them to do more.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 19 March 2025.

Mark Dobson
Ombudsman