

The complaint

Mr A complains that Lloyds Bank PLC won't refund the money he lost when he was the victim of a scam.

What happened

In October 2023, a friend of Mr A's told him about an opportunity with an investment company they'd been using. Mr A was added to a group chat on an instant messaging service with other people who said they'd made money with the investment company. And he was told to open accounts with cryptocurrency exchanges in order to purchase cryptocurrency, which he would then send on to the company's trading platform.

Mr A then made a number of payments from his Lloyds accounts to purchase cryptocurrency, which was then sent on to the wallet details he was given for the investment company. I've set out the payments Mr A made from his Lloyds accounts below:

Date	Details	Amount
30 October 2023	From account 1	£100
30 October 2023	From account 1	£10
6 November 2023	From Account 1	£200
20 November 2023	From account 2	£250
20 November 2023	From account 2	£230
24 November 2023	From account 1	£250

Unfortunately, we now know the investment company was a scam. The scam was uncovered after Mr A heard some people in the group chat had been unable to withdraw their profits. Mr A tried to withdraw money himself, but was unable to do so and so realised he had been the victim of a scam. He then reported the payments he had made to Lloyds and asked it to refund the money he had lost.

Lloyds investigated but said the payments Mr A had made weren't out of character compared to previous payments out of his account, and were made to accounts in his own name and that he had control over. So it didn't agree to refund the money he had lost. Lloyds did pay Mr A £20 for the time taken to resolve his claim. But Mr A wasn't satisfied with Lloyds' response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think the payments were out of character, based on Mr A's previous account activity. So didn't think we'd expect Lloyds to have intervened before allowing them to go through. They also didn't think anything Lloyds could have done would have been able to recover the money Mr A lost. So they didn't think Lloyds should have to refund Mr A. Mr A disagreed with our investigator, so the complaint has been passed to me.

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.

Banks are expected to make payments in line with their customers' instructions. And Mr A accepts he made the payments here. So while I recognise he didn't intend for the money to go to scammers, he did authorise the payments. And so the starting position in law is that Lloyds was obliged to follow his instructions and make the payments. So Mr A isn't automatically entitled to a refund.

However, the regulatory landscape, along with good industry practice, sets out requirements for banks to protect their customers from fraud and financial harm. So, in line with this, I think Lloyds should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

And so I've also considered whether Lloyds should have identified that Mr A was potentially at risk of financial harm from fraud as a result of these payments.

But the payments Mr A made here weren't for particularly large amounts, and Mr A had made a number of payments out of his accounts for similar and larger amounts in the months before these payments. The payments also didn't leave the balance of Mr A's account at particularly unusual levels or use up a significant proportion of his available balance at the time. And the payments were relatively spread out with a number of other payments and gaps of several weeks between some of them, and were for fluctuating amounts, so I don't think they formed a particularly suspicious pattern.

So I wouldn't have expected Lloyds to identify that Mr A could be at risk of financial harm as a result of any of these payments. And I don't think it's unreasonable that it didn't take any further steps or carry out any additional checks before allowing them to go through, and just followed his instructions and made the payments.

Mr A has mentioned the vulnerable position he was in at the time and the impact this scam has had on him. Any my intention isn't to diminish the difficulties the circumstances he mentioned can cause, and I don't underestimate the impact the scam has had on him. But, from what I've seen, I don't think his circumstances were such that I would have expected Lloyds to have taken significantly different action. And so I still don't think Lloyds acted unreasonably in allowing the payments to go through.

Mr A has also mentioned that other victims of this scam have had their money refunded by their banks. But our service looks at each complaint we assess individually, on its own circumstances, so I can't comment on any other cases or any actions other banks may have taken. Based on the evidence I've seen here I don't think Lloyds has acted unreasonably in these circumstances. And I don't think other banks potentially refunding other victims in

similar circumstances changes this, or means Lloyds should be required to refund Mr A here.

I sympathise with the position Mr A has found himself in. He has been the victim of a cruel scam and I appreciate that my decision will come as a disappointment to him. But, for the reasons I've set out above, I don't think Lloyds has acted unreasonably or that anything I would reasonably have expected it to do would have prevented this scam. And so I don't think it would be fair to require it to refund the payments he made.

Lloyds has paid Mr A £20 as compensation for the delays in its response to his claim. And, from the evidence I've seen, I think this offer is fair and reasonable compensation for the distress and inconvenience this poor customer service caused to Mr A.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 24 May 2024.

Alan Millward
Ombudsman