

The complaint

Mr P has complained that Lloyds Bank PLC won't refund the money he lost after falling victim to a scam.

What happened

Mr P fell victim to a task-based job scam. He was messaged out of the blue with a job offer, the scammer saying they got his details from a job website. He was asked to create an account on their platform, and complete tasks to earn commission. The account would run up a negative balance which he'd need to clear using cryptocurrency.

Mr P used his Lloyds account to buy around £11,000 worth of crypto, which went to his own crypto wallet. Then he sent it on to the scammer. Lloyds spoke with Mr P about his payment and warned him about scams. But he gave them a detailed explanation about how it was just for his potential future investments, it would stay in his crypto account and he'd move it back to his bank account if he changed his mind, and no third parties were involved.

The scammers told Mr P that his account had accrued an even larger negative balance, and he was unable to withdraw the funds he'd sent in. He realised he'd been scammed. Mr P reported the matter to Lloyds, but Lloyds were unable to recover the funds as they'd gone from Lloyds to a crypto account of Mr P's, and he'd sent all the funds on from there.

Lloyds didn't think they were otherwise liable for Mr P's loss. They did pay Mr P £60 compensation for some customer service issues when speaking on the phone, such as transferring him into a queue without telling him and making him repeat himself.

Our investigator looked into things independently and didn't uphold the complaint. Mr P asked for a final decision, so the complaint's been passed to me to decide.

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 understand that Mr P fell victim to a scam, and so he has my sympathy. I appreciate this can't have been an easy time for him, and I appreciate why he feels that his money should be returned. It's worth keeping in mind that it's the scammer who's primarily responsible for what happened, and who really owes Mr P his money back. But I can only look at what Lloyds are responsible for. Having carefully considered everything that both sides have said and provided, I can't fairly hold Lloyds liable for Mr P's loss. I'll explain why.

It's not in dispute that Mr P authorised the payment involved. So although he didn't intend for the money to go to a scammer, under the Payment Services Regulations he is liable for the loss in the first instance. And broadly speaking, Lloyds had an obligation to follow his instructions – the starting position in law is that banks are expected to process payments which a customer authorises them to make.

I agree with Mr P that Lloyds should have flagged the payment and spoken to him about it. But I can see that they did so here.

Having listened to the call, I found that Lloyds asked relevant questions, and Mr P gave them a very detailed false answer, which meant Lloyds couldn't reasonably uncover or prevent the scam. Mr P explained that he was just depositing a large amount onto his crypto exchange account so he had money available for potential future investments or purchases, without having to do bank transfers each time. He explained he was buying a stable coin to mitigate against market volatility, from a large institution to avoid the risk of buying from individuals, and that he was planning to mitigate his investment risk by using dollar cost averaging to buy other major coins such as bitcoin. He wasn't planning on sending the crypto to anyone, he was just investing, and he was clear that no third parties were involved in any way at all. He assured Lloyds that he would keep the money in his own crypto account, and if he changed his mind he'd just move it back to his bank account. He set out that he was an experienced investor, having invested for years. This was backed up by his detailed explanation, his use of technical terms, and his prior use of his Lloyds account for crypto.

Based on that, Lloyds gave Mr P tailored warnings about scams which were relevant to what he'd told them. As Mr P had not been honest about the true purpose or background for the payment, and as he'd given Lloyds such a detailed false answer, Lloyds were not reasonably able to know that a job scam was relevant here. So it seems reasonable that they didn't warn Mr P about it specifically. It's also notable that Mr P sent some money to the scammer from his other bank in prior days, and they also gave him warnings about things like being contacted out of the blue, money making schemes, and offers that seem too good to be true. But this did not prevent Mr P from going ahead. I don't find that there was anything more that I would expect Lloyds to have done in this case. I'm afraid I find that Lloyds were unable to reasonably identify or prevent the scam primarily due to not being given accurate answers.

Next, I've considered what Lloyds did to try to recover Mr P's money after he told Lloyds about the scam. Unfortunately, as the money went to Mr P's own cryptocurrency account, and as Mr P sent all the funds on, there was nothing Lloyds could do to recover his funds.

So while I'm very sorry to hear about what happened to Mr P, I don't think Lloyds should be held responsible for his loss. So I can't fairly tell Lloyds to refund Mr P's money in this case. And I find that the £60 compensation they paid him is fair for the poor customer service they gave when he called.

My final decision

For the reasons I've explained, I don't uphold this complaint.

This final decision marks the end of our service's consideration of the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 17 July 2024.

Adam Charles
Ombudsman