

The complaint

Mr S complains Lloyds Bank PLC won't refund the full amount of money he lost to a scam.

What happened

The background to this complaint is well-known to both parties, so I won't repeat it in detail here. But in summary and based on the submissions of both parties, I understand it to be as follows.

Mr S complains that he sent several payments to what he thought was a legitimate investment. Shortly after making the payments, he realised he'd been scammed. So, he logged a complaint with Lloyds.

Lloyds looked into the complaint and upheld it in part. Lloyds offered to pay Mr S £21,950 which was half of what he lost. It said it could've protected Mr S more when he sent the payments. The reason Lloyds only refunded half the money lost was because it also thought Mr S could've done more to protect himself.

Mr S thought he should get the full amount back. So, he brought his complaint to our service.

Our investigator looked into the complaint but didn't think Lloyds needed to pay any more money. Our investigator found that Lloyds had intervened a number of times and spoke to Mr S. And while Mr S provided inconsistent answers to some of the questions asked, he was able to reason these inconsistencies to the advisors he spoke to. Our investigator went on to say that Mr S was able to reassure Lloyds he wasn't being scammed and said a number of times that no one else was involved.

Mr S and his representative didn't agree with the investigator's view.

In summary they thought the bank should've picked up on red flags within the calls and also should've showed Mr S educational videos in a side room with a manager when he visited the branch. Mr S's representative also said that Mr S's medical condition should've triggered much greater intervention.

As no formal resolution could be reached, the complaint's been passed to me for a final 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.

I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the

courts.

Lloyds would generally be expected to process payments a customer authorises it to make. And under The Payment Services Regulations and the terms and conditions of the account, Mr S is presumed liable for the loss in the first instance, in circumstances where he authorised the payment. That said, as a matter of good industry practice, Lloyds should have taken proactive steps to identify and help prevent transactions – particularly sufficiently unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there are many payments made by customers each day and it's not realistic or reasonable to expect a bank to stop and check every payment instruction. There's a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments.

I'd like to start by saying how sorry I am that Mr S is suffering from a number of health conditions. I have no doubts that falling victim to this scam has added to the already challenging position Mr S is in.

I'm conscious that the investigator went into a lot of detail explaining to both parties what had been said on the various intervention telephone calls. As this has been done already, I'm not going to go into that level of detail in my decision. As both parties are aware of the contents of the calls, and what was discussed isn't an issue in dispute, I see no benefit in doing so again.

In Mr S's testimony he has said at times that the payments weren't authorised by him. As we have various calls from the bank, and it's clear from those Mr S is requesting the payments to be made, I'm satisfied Mr S most likely did make them and I've conducted my investigation on that basis.

My normal starting point when thinking about a scam complaint is whether the business should have intervened on any of the payments before processing them. But here Lloyds did intervene and several times. Mr S spoke to some banking advisors, fraud advisors and visited a Lloyds branch. So, in these circumstances, I don't need to make this finding.

What I am tasked to do here is decide whether I think the interventions Lloyds undertook was sufficient in the circumstances of the payments, and if it wasn't, what I think it should've done instead.

Having listened to the intervention calls Mr S had with Lloyds, it's clear Mr S isn't giving accurate information. Mr S uses several different reasons for sending the payments, ranging from paying for work, checks completed on a boat he was selling and a final payment towards paying off money owed on the boat.

Mr S also elaborates on some of the payments. For example, he tells a Lloyds advisor that he has known the people doing the work on his boat for 8 years, had used them before and met them for a coffee to get the account details of where to send the money. So, from the very start Mr S was making it very difficult for the Lloyds advisors to spot that he may have been at risk of financial harm.

Mr S's representatives have correctly pointed out that there were some red flags and inconsistencies in Mr S's stories. On one of the calls, it's clear the advisor has established that Mr S has screen sharing software on his phone. Mr S says several times that he hasn't, and he hasn't been in contact with anyone. So, again he made it difficult for the advisors to unearth the scam. Each advisor however did give Mr S comprehensive warnings about the risks of screen sharing software and advised him to visit his local mobile telephone providers shop to get his phone checked. In these circumstances, I'm satisfied there wasn't anything

more they could've done – particularly as Mr S was insistent that he didn't have the software and hadn't been in contact with a third-party.

On one of the calls in which the screen sharing software was identified as being used, the Lloyds advisor refused to make the payment to Mr S's external wallet. At this point Mr S said he was paying the boat yard, and the advisor tells him that he needs to find a more secure way of protecting himself if the payment were to go wrong, like using a credit card.

On 15 June 2022, a Lloyds advisor speaks to Mr S and notices him trying to send money to the same third-party wallet that he said had previously said was for a good and services payment. Mr S is questioned and can reassure the advisor that it was his health condition that made him give inaccurate information on the first call, and the advisors accent had made it difficult for him to understand the question. Although Mr S does refer to forgetting things several times throughout the calls, the advisors do ask Mr S if he needs any additional support. Although Mr S reassured the advisor it was a mistake on his part, the advisor has enough concerns to ask Mr S to visit a branch.

Later that day Mr S attended a branch and was asked to speak to a fraud advisor. I've listened to that call and the advisor asks a number of clear and probing questions relating to the payment, and Mr S is able to answer them with confidence. In my view none of the answers Mr S gives at this point would've alerted the advisor to the fact he was involved in a scam or at risk of financial harm. Mr S had been very consistent throughout all the conversations he had that no third party was involved, he hadn't been contacted and he was making the payments himself and felt safe to do so. That said, the advisor does give Mr S a detailed cryptocurrency investment warning and checks again that no one has contacted him or is guiding him with what to say.

As well as not thinking the intervention calls were strong enough (which I've addressed above) Mr S's representative also didn't think the branch visit intervention went far enough. Mr S's representative feels the bank manager should've taken Mr S into a room and played some educational videos and possibly invoked banking protocol.

I've thought about this point carefully, and although I know my decision will disappoint Mr S, I don't agree that the branch intervention didn't go far enough. I understand the bank was aware of Mr S's medical conditions, but in my opinion, Mr S wasn't displaying the characteristics of someone that was vulnerable on the call or that didn't understand what and/or why the bank was asking him fraud prevention questions.

It's hard for me to be certain why Mr S was answering in the way that he was, and whether his condition may have caused him to give some inaccurate answers, but having listened to the calls, I'm not convinced the agents should've been concerned enough to escalate the branch visit further.

It's worth noting that even if I did think Lloyds should've prevented Mr S from making any further payments (which based on the above I'm not) I'm convinced Mr S would've most likely found an alternative way to make them, probably by using a different bank account. Because of this, I don't think it can be reasonably concluded that Lloyds is responsible for the loss Mr S suffered.

Mr S feels that Lloyds should refund the money he lost due to the scam. I understand that this will have been frustrating for him. But I've thought carefully about everything that has happened, and with all the circumstances of this complaint in mind I don't think Lloyds needs to pay Mr S any more compensation. I realise this means Mr S is out of pocket and I'm really sorry he's lost this money. However, for the reasons I've explained, I don't think I can reasonably uphold this complaint.

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 S to accept or reject my decision before 28 April 2025.

Tom Wagstaff
Ombudsman