

The complaint

Mr S complains about Lloyds Bank PLC.

He says that it did not do enough to protect him when he became the victim of a scam and would like Lloyds to refund him the money he has lost as a result.

What happened

Mr S received a call from an unknown individual supposedly offering an investment opportunity.

Mr S was persuaded to take up the supposed opportunity in the belief that he would be able to make a lot of money, but unfortunately Mr S had fallen victim to a scam.

Mr S realised this when he tried to make a withdrawal from his investment but was told he needed to pay more money in taxes and fees to gain access. Mr S paid the fees, but then realised he had been scammed as he was still not able to make a withdrawal.

Mr S made the following payments from his account with Lloyds.

Date	Payee	Payment type	Amount
03/05/2023	Crypto	Card	£219.86
23/05/2023	Crypto FX	I'tnl faster payment	£5,000
23/05/2023	Crypto FX	I'tnl faster payment	£5,000
20/06/2023	Crypto FX	I'tnl faster payment	£5,000
26/07/2023	R – Mr S's own account	Faster payment	£1,000
		Total	£16,219.86

Mr S made a complaint to Lloyds, but it didn't uphold his complaint. He then brought his complaint to this Service.

Our Investigator looked into things but didn't think that the complaint should be upheld.

Mr S asked for an Ombudsman to make a final decision, 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.

Having done so, I've decided not to uphold this complaint. I know this will be disappointing for Mr S, so I'll explain.

In broad terms, the starting position at law is that banks and other payment service providers (PSP's) are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions

of the customer's account. And I have taken that into account when deciding what's fair and reasonable in this case.

Mr S authorised the payments in question – so even though he was tricked into doing so and didn't intend for the money to end up in the hands of a scammer, he is presumed liable in the first instance.

But this isn't the end of the story. As a matter of good industry practice, Lloyds should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider having been good industry practice at the time, I consider 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.
- Have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

In this case, I need to decide whether Lloyds acted fairly and reasonably in its dealings with Mr S when he authorised payments from his account or whether it could and should have done more before processing them.

I don't think that Lloyds needed to get in touch with Mr S when he made the first payment from his account – it wasn't for a large amount of money, and was going to a legitimate trading platform, so I don't think that Lloyds could or should have viewed it as an unusual or suspicious transaction or have had concerns that Mr S may have been at risk of financial harm.

However, by the time Mr S made the second payment, I think that Lloyds should have had concerns and got in touch with him about what was happening – the intention being to uncover a potential fraud or scam. Lloyds did get in touch with Mr S when he made the third payment but has since agreed that it should have intervened on the second payment. But although I do think that Lloyds should have got in touch with Mr S earlier than it did, in order for me to uphold this complaint I would have to think that an earlier intervention by Lloyds would have prevented Mr S's loss, and I don't agree that it would have done.

I say this because when Lloyd's contacted Mr S about payment three, it had concerns that he may have been falling victim to a scam, and asked Mr S to attend a branch in order to discuss the payment, along with taking identification with him.

Unfortunately, Mr S had been so taken in by the scammer, he didn't divulge important information to Lloyds, and wasn't truthful about why he was making the payment, and despite receiving warnings from Lloyds, still wanted to continue with the payments. So, I don't think that there was any more Lloyds could have done to stop him.

Lloyds also contacted him about the final payment Mr S made to his own account with R, but Mr S also provided incorrect information about why he was making the payment.

Therefore, I don't think that Lloyds missed an opportunity to prevent the loss that Mr S has suffered.

I also don't think that there was anything more Lloyds could have done to recover the funds that Mr S has lost. The initial payment was made to a genuine company, and the final payment was made to Mr S's own account with R, and although Lloyds tried to recall the international transfers, the accounts had already been closed.

I am very sorry for the situation Mr S now finds himself in, I know he has lost a lot of money to a manipulative and cruel scam – but the loss he has suffered was caused by the scammers, not Lloyds, and I can't ask it to refund him when I think that it did all it could to try and uncover the scam but wasn't successful.

My final decision

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 2 December 2024.

Claire Pugh
Ombudsman