

The complaint

Miss A complains that Lloyds Bank PLC has not refunded a series of transactions she says she lost to a scam.

What happened

Miss A met an individual on social media I will refer to as 'X' who befriended her. He initially said he could help her recover a debt from a friend, but soon afterwards he became threatening and coerced Miss A into sending him funds. She made payments via various payment processing companies from her Lloyds account. She says that a loan for £20,000 was taken out in her name in March 2021, but she was unaware of this at the time and did not authorise it herself. The payments from her Lloyds account were as follows:

No.	Date	Amount
1	08/01/2021	£643.90
2	11/01/2021	£486.90
3	11/01/2021	£1,403.90
4	13/01/2021	£2,000.00
5	14/01/2021	£2,000.00
6	18/01/2021	£2,000.00
7	18/01/2021	£2,000.00
8	16/02/2021	£341.90
9	17/02/2021	£1,903.90
10	22/02/2021	£501.90
11	23/02/2021	£703.90
12	25/02/2021	£981.90
13	25/02/2021	£1,503.90
14	01/03/2021	£1,503.90
15	04/03/2021	£1,203.90
16	05/03/2021	£683.90
17	11/03/2021	£14,000.00
18	15/03/2021	£2,003.90
19	15/03/2021	£2,003.90
20	22/03/2021	£1,483.90
21	25/03/2021	£1,025.90
22	12/04/2021	£7,000.00
23	12/04/2021	£15,000.00
24	15/04/2021	£14,000.00
25	21/04/2021	£6,500.00
26	27/04/2021	£1,240.00
27	04/05/2021	£3,340.00
28	27/05/2021	£1,965.00
29	25/06/2021	£2,100.00
30	10/08/2021	£270.00
31	11/08/2021	£8,500.00
32	11/08/2021	£8,500.00

33	11/08/2021	£12,000.00
34	13/08/2021	£2,650.00
35	18/08/2021	£8,700.00
36	23/08/2021	£8,350.00
37	26/08/2021	£450.00
38	26/10/2021	£160.00
39	26/10/2021	£2,480.00

Eventually, Miss A told Lloyds said she had not authorised the international payments on her account. But she then said she had been coerced into making them and as they were concerned, Lloyds invoked the banking protocol and called the police to the branch. This in turn fully revealed the scam to Miss A.

As a result, Miss A raised a claim for the loan which she said she did not authorise. Lloyds did not agree to write off the loan as Miss A withdrew £14,000 in branch the day after the loan credited her account. So, they thought it was more likely she was aware of the loan.

Miss A referred the complaint to our service, and mentioned the coercive control she was under by X that led to her losses, and this included the loan. Our Investigator looked into it and initially felt Lloyds should have had concerns about the withdrawal of £14,000 in branch on 10 March 2021, as Miss A had just taken out the £20,000 loan and attempted to take out an additional £15,000 that was declined. They did not think her reason of purchasing gold for the large withdrawal was believable and recommended a refund of the transactions from that point onwards. But they felt the reimbursement should be reduced by 50% to account for Miss A's contribution to the loss, as she was not honest with Lloyds for the purpose of the payments Lloyds intervened on.

After some discussion, Lloyds agreed to reimburse Miss A 50% of the loss from payment 17 onwards, and to apply 8% simple interest from the date of the transactions to the date of settlement. However, Miss A felt the unauthorised loan should be included in the redress.

The Investigator reviewed the information provided by Lloyds following the view. In this, they could see there was a high-risk warning at payment 5, which was for £2,000. As Lloyds could find no further persuasive evidence about what was asked about the payment, the Investigator felt the redress should begin from the 5th payment onwards. Lloyds agreed to this recommendation and offered £69,525.35 in full and final settlement of the complaint.

Miss A did not accept this as she still felt the £20,000 loan should be written off as part of the redress. The case was passed to me for review and I highlighted to Lloyds some evidence which I felt showed it was more likely Miss A did not authorise the loan. As a result of this, Lloyds offered to write off the loan in full and unwind it as if it had never been taken out. We put forward the offer to Miss A, who acknowledged it but did not provide a response prior to the deadline.

As an informal agreement could not be reached, the complaint had 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 firstly have to be satisfied a scam has occurred in this case. There is limited evidence available to me. I have some screenshots of conversations between Miss A and X, but these are not complete and they are not dated, so it is difficult to get a full understanding of what

happened. I have one full conversation, but this appears to be with an associate of X and again it does not clearly set out what happened.

Having reviewed the evidence on file, it does appear Miss A met X online and began some form of a relationship with him. Some snippets of conversation read like an investment scam, whereas other parts of the conversation show X became aggressive and threatening with Miss A and it is clear money was being demanded from her. And the full conversation I have seen between Miss A and X's associate read like a typical social engineering scam you would find within a romance scam, so I am satisfied Miss A has been the victim of a scam here. The messages make it appear that X knew where Miss A and members of her family lived and used this as leverage against her. But it is not clear what Miss A thought the specific payments were for or who she thought she was paying. There is some evidence linking some of the payments mentioned to the scam itself, but it is difficult to specifically quantify the loss.

Lloyds intervened and asked Miss A for the purpose of payments 5 and 17. Each time she was asked for the purpose of the payments, Miss A gave a different reason that did not appear to match the true purpose of the payment. For example, she said payment 5 was for a family member abroad and payment 17 was to buy gold. It is not clear if she was guided on what to say to Lloyds by X, but I have to consider if a better intervention would reasonably have uncovered the scam.

I do think payment 17 was unusual and it followed a successful £20,000 loan being taken out and an attempted £15,000 loan which was declined by Lloyds. Miss A said she was buying gold for her wedding, and while this can be a legitimate reason for needing cash, this was a significant amount of money and followed two attempted loans in relatively quick succession.

I think this should have been a cause for concern and more detailed questions should have been asked to Miss A about the purchase of gold. They could have asked details about her wedding, what specific gold she was buying and where she was buying it from. I think it is unlikely that Miss A would have been able to convincingly answer more probing questions and I think it is likely the scam could have been uncovered at that point. Depending on the answers Miss A gave, it could have been reasonable for Lloyds to invoke the banking protocol at that point, considering the significant borrowing Miss A had attempted. I see no reason why this would not have broken the spell of the scam at that point as it did so in November 2021.

The Investigator felt a reasonable trigger point for upholding the complaint was payment 5, when the £2,000 payment was flagged as high risk and referred for additional questions. I can see Miss A said the money was for a family member abroad who had recently suffered a bereavement and Miss A was now helping with costs. No further questions were asked, and the payment was processed. However, I think a more detailed intervention would have been reasonable at the time. I can see Miss A was making the payment via a remittance company which is used to transfer funds abroad. This was the fifth payment Miss A had sent via a remittance company in the six days prior, and these amounts had increased each time. So, while the value of the payment was low, I think the general pattern of the payments was unusual enough to warrant intervention.

Miss A had said the funds were for funeral expenses. However, it is unusual that this was the fifth payment made via a remittance company in just a few days and I think this should therefore have prompted more detailed and probing questions from Lloyds. I note that this was relatively early on in the scam, so I think it is more likely probing questions and a general scam warning about social engineering could reasonably have broken the spell at that point. With this in mind, I agree with the recommendation that has already been agreed by Lloyds to reimburse Miss A from the 5th payment onwards.

Miss A has mentioned some other factors that she thinks should be included in the redress, such as an advance she took out on her mortgage, and she has asked if all of the payments on both of her accounts have been included. It should be noted that when Miss A raised her scam claim with Lloyds, she specified it was the cash withdrawal and the international payments on the account that were affected, as well as the loan that she says she did not authorise and from what I have seen these have been included. The screenshots provided of the chat with the scammer do show some link between the remittance payments and X, but these only account for a small fraction of the payments in question. With this in mind, I think the transactions that have been included in the proposed redress are fair in the circumstances of this complaint.

I've also considered whether or not Miss A should reasonably bear some responsibility for the losses as a result of any negligence in her actions and if it is therefore reasonable for me to make a reduction in the award based on this. In doing so, I've considered whether Miss A has acted as a reasonable person would to protect herself against the loss she suffered. The test is objective but needs to take account of the relevant circumstances.

I have to consider that Miss A met an individual online and went on to send them a significant amount of money. Relatively early on in the scam, Miss A misled Lloyds into the reason for a payment and did so again when she made the withdrawal of £14,000. When Miss A reported the payments, she initially said they were all unauthorised and she did not carry them out herself, but then went on to say she had been forced to make them, which was a significant shift in testimony. Considering these points, I think Miss A could reasonably have known something was not right with the payments she had made as she took steps to conceal the truth from Lloyds.

I have only seen screen shots showing snippets of her conversation with X, but I can see she accused X of taking her money and making false promises as early on as March 2021. With all of this in mind, I think Miss A should reasonably have had concerns early on that X was not legitimate and that he was not being honest with her.

I therefore think it is reasonable that Lloyds reduce the reimbursement by 50% to account for Miss A's contribution to the loss. However, it should also add 8% simple interest to the redress from the date of the transactions to the date of settlement.

I have finally considered the loan of £20,000. Having reviewed the chat between Miss A and the associate of X on the same day the loan was applied for, I felt it was more likely Miss A did not apply for the loan herself. In the chat, it appeared that the associate had convinced Miss A the funds from the loan had come directly from X's account and there was no mention of a loan being involved. As Lloyds has agreed to write off the loan and unwind it as if it was never taken out, I see no reason to discuss this further. Lloyds should also ensure they remove all traces of the loan from Miss A's credit file.

Putting things right

Lloyds should now pay Miss A £69,525.35, along with 8% simple interest from the date of the transactions to the date of settlement.

It should also write off the loan of £20,000 and unwind it as if it was never taken out. This includes ensuring all traces of the loan is removed from Miss A's credit file.

My final decision

I uphold Miss A's complaint in part and recommend Lloyds Bank PLC follow the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 5 March 2025.

Rebecca Norris
Ombudsman