

The complaint

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

What happened

Mr D fell victim to a romance scam. He met someone online who turned the relationship romantic, and they spoke every day. They persuaded Mr D to send them money via an international money transfer service, which he funded using his debit card. They pressured Mr D by threatening to share sensitive information he'd told them.

Between mid-2020 and late-2022, Mr D sent the scammer around £67,000 from his Lloyds account. He never met them in person.

In 2024, Mr D reported the scam to Lloyds. Lloyds didn't think it was liable for Mr D's loss.

Our Investigator looked into things independently and didn't uphold the complaint. Mr D didn't agree, so the complaint's been passed to me to decide.

I sent Lloyds and Mr D a provisional decision on 24 June 2024, to explain why I thought the complaint should be upheld in part. In that decision, I said:

There's no dispute that Mr D authorised the payments involved. So under the Payment Services Regulations and the terms of his account, Mr D is liable for the loss in the first instance. But the matter doesn't end there.

Taking into account the law, regulator's rules and guidance, relevant codes of practice, and what I consider to have been good industry practice at the time, I consider that Lloyds should have fairly and reasonably:

- *Monitored accounts and payments to counter risks such as fraud and scams;*
- *Had systems in place to look out for particularly unusual transactions or other signs its customers were at risk of fraud;*
- *In some circumstances, taken further steps or made further checks before a payment went out, or even blocked it, to help protect customers – irrespective of the type of payment involved.*

I've thought carefully about whether Lloyds should have intervened. At first, the payments were small and spaced some ways apart. And as time went on, the money transfer service became a more established payee of Mr D's. However, by the time Mr D sent £3,945.07 on 9 November 2020, I think Lloyds should have intervened. I say this because at that point, he'd tried to send about £10,000 in the last day or so, to an international transfer service, over multiple quite rapid payments, which all but drained his account. And I can't see any comparable activity in the months beforehand. I think this activity stood out as being remarkable, and it should have prompted Lloyds to intervene.

Had Lloyds intervened at that point and asked appropriate questions about the payment, it seems likely that it could have identified what was happening and prevented it. This was not an uncommon type of fraud, and reasonable questioning could have uncovered multiple causes for concern – such as how the relationship was purely online, Mr D had never met this person in real life, it began through social media contact, and the scammer pressured him and tried to leverage his sensitive information to keep the arrangement going. And it seems likely that Mr D would've been honest about why he was spending this money – it seems he was not told to lie if questioned nor given any cover story.

So I think Lloyds bears some responsibility for Mr D's loss from the point of the £3,945.07 payment onwards.

I've also thought carefully about Mr D's role in what happened. I'm afraid I think Mr D ought to have had more concerns along the way about who he was speaking to and what he was being asked to do. From what he's told us, he doesn't seem to have taken any reasonable steps to verify who this person was, nor to mitigate his loss, to keep his sensitive information safe, or to report them once they became threatening. He never met them in person, and he doesn't seem to have had a reasonable basis on which to believe what they were telling him. So I'm afraid I think that Mr D should also bear some responsibility for his losses.

I've also thought about whether Lloyds should have got a refund for Mr D under any other relevant scheme. But the payments would not have been covered by any of the chargeback rules, and as international debit card payments they were not covered by the CRM code.

Lastly, I've considered what Lloyds did to try to recover the money. But given that these were debit card payments to an international transfer service, which then went on in full to an international payee, and given how long Mr D took to report the payments, I don't think there was anything more that Lloyds could have reasonably done which had any realistic prospect of recovering his money.

I said I'd consider anything else anyone wanted to give me – so long as I received it by 22 June 2024. Both sides accepted the provisional 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.

Both parties accepted the provisional decision, and neither side have sent me any new evidence or arguments. So having reconsidered the case, I've come to the same conclusion as before, and for the same reasons as set out in my provisional decision above.

Putting things right

I direct Lloyds Bank PLC to:

- Refund 50% of the loss from Mr D's Lloyds account, from the point of the £3,945.07 payment of 9 November 2020 onwards.
- Add simple interest at the rate of 8% simple per year onto each partly-refunded amount, from the date it originally debited until the date of settlement.

If Lloyds considers that it's required by HM Revenue & Customs (HMRC) to deduct tax from that simple interest, it should tell Mr D how much tax it's taken off. It should also give Mr D a tax deduction certificate if he asks for one. Mr D may be able to reclaim the tax from HMRC if he doesn't normally pay tax.

My final decision

I uphold Mr D's complaint in part, and direct Lloyds Bank PLC to put things right in the way I set out above.

If Mr D accepts the final decision, Lloyds Bank PLC must carry out the redress within 28 days of the date our service notifies it of the acceptance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 20 August 2024.

Adam Charles
Ombudsman