

The complaint and background

Mr F complains Lloyds Bank PLC (“Lloyds”) won’t refund him the money he lost, after he fell victim to an Authorised Push Payment (“APP”) scam.

Our Investigator didn’t uphold the complaint. Although she found Lloyds ought to have had concerns and contacted Mr F to discuss the payments, at the point he was making a third payment to the fraudsters, she wasn’t persuaded that would have prevented Mr F’s loss.

She said this because Lloyds did contact Mr F, at the point he was making a second payment to the fraudster, when it gave Mr F scam warnings. Given the level of coaching from the fraudster, our Investigator wasn’t persuaded a better intervention or warning would have prevented the loss. They also felt that what Mr F told Lloyds impaired its ability to protect him. She added that she didn’t think Mr F would have had any reason not to believe it was a genuine opportunity, as it had been recommended by a friend and he said he could see their returns/withdrawals being made.

Mr F’s representative asked for the matter to be referred to a decision. In summary it thought Lloyds should have scrutinized and questioned the payments further and this would have uncovered the scam.

As agreement couldn’t be reached, the complaint has been passed to me for a 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.

Having done so, I agree with the Investigator’s conclusions for the following reasons:

- It isn’t in dispute that Mr F authorised the transactions in question. He is therefore presumed liable for the loss in the first instance. However, Lloyds is aware, taking longstanding regulatory expectations and requirements into account, and what I consider to be good industry practice at the time, that it should have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.
- In the individual circumstances of this case, I can see that Lloyds did recognise the second payment Mr F made as being suspicious, so it contacted him to discuss the payment. I do think Lloyds could have asked more, and better, probing questions of Mr F about the payment he was making during the call, given the answers he provided to it. But I’m not persuaded that would have prevented his loss.
- Mr F told Lloyds he was acting alone and nobody had approached him about the investment. Lloyds could have probed this and asked further questions about the investment. But sadly, the weight of evidence here suggests that Mr F was subjected to some cruel social engineering. He was trusting of the fraudsters, who had told him Lloyds would likely intervene and guided him as to how he should answer its

questions, no doubt to foil Lloyds' attempt to identify the true purpose and detail behind the payment.

- I would add that I do not suggest that Mr F would have been maliciously disingenuous with Lloyds. Rather, I think the evidence suggests he believed this was a genuine opportunity recommended to him by a friend, and he'd seen what he believed to be returns and withdrawals. This reassured him and ultimately led him to follow the fraudster's instructions, rather than take heed of what Lloyds was telling him.
- I can only ask Lloyds to reimburse Mr F if I think that any wrongdoing on its part caused his loss, which for the reasons explained above I don't think there was.
- For completeness, I'm not persuaded there were any prospects of Lloyds successfully recovering the funds, given the money was used to purchase crypto from legitimate providers, which subsequently ended up in accounts controlled by the fraudsters.

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

Stephen Wise
Ombudsman