

The complaint

Mr S complains that Lloyds Bank PLC ('Lloyds') won't reimburse the funds he lost when he fell victim to a scam.

What happened

Mr S says that on 19 March 2024 his mother received a call that she thought was from her nephew. She passed the call to Mr S. The caller said he wanted to discuss something with Mr S and asked for his number to call him back on. The person purporting to be Mr S' relative then explained that he was using someone else's phone because he had been arrested and needed help. He gave Mr S the number of his solicitor, who told Mr S that he needed to pay bail to an account in India. Mr S made a payment of £4001.99 to a money transfer service before transferring funds abroad.

Later that day Mr S realised he was the victim of a scam and contacted Lloyds to report what had happened.

Lloyds told Mr S that he should contact the money transfer service his funds were transferred to.

Mr S was unhappy with Lloyds' response. He said that it didn't do enough to protect him when the payment was made.

Our investigation so far

The investigator who considered this complaint didn't recommend that it be upheld. He said that the payment wasn't so unusual and out of character that Lloyds ought to have intervened when it was made. It was to an established payee and was in line with usual account activity. And there was nothing Lloyds could have done to recover Mr S' funds as they went to an account in his name.

Mr S didn't agree with the investigator's findings, so his complaint has been passed to me to decide.

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.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

But Lloyds should have been on the 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

firms are generally more familiar with than the average customer. And, in some circumstances, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment.

In this case I'm not persuaded that Lloyds ought reasonably to have intervened when Mr S transferred funds to the money transfer service. He was paying an existing payee and, although I understand the amount he was paying was greater than on previous occasions, the amount was relatively low. There's a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. If all payments such as the one Mr S made were stopped while further enquiries were made, many legitimate payments would be stopped which would cause significant disruption and delay. So, I consider that Lloyds acted reasonably in processing the transfer.

As the funds went to an account in Mr S' own name there was nothing Lloyds could do to recover them.

Overall, whilst I'm sorry to hear about Mr S' loss, I can't fairly ask Lloyds to reimburse him.

My final decision

For the reasons stated, I do not 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 5 June 2025.

Jay Hadfield
Ombudsman