

## The complaint

Mrs W complains that Lloyds Bank PLC (Lloyds) is refusing to refund her the total amount she lost as the result of a scam.

## What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mrs W saw an advert for an investment opportunity online with a company I will call X. Mrs W provided her contact information and received a call from X when she was assigned an account manager and made an initial small deposit.

Conversations continued to take place between Mrs W and X and she decided to invest. X helped Mrs W to open a trading account. X later told Mrs W about another investment opportunity that involved investing further funds. Initially Mrs W explained she could not afford to invest but having been pestered by X decided to go ahead.

Mrs W appeared to make a loss on her investment and was persuaded by X again to make further payments to cover her losses.

Eventually Mrs W appeared to lose all her funds and realised she had fallen victim to a scam.

Mrs W made the following payments from her Lloyds account in relation to the scam:

Payment	Date	Payee	Payment Method	Amount
1	19 January 2022	Mrs W	Transfer	£20,000.00
2	24 January 2022	Mrs W	Transfer	£23,000.00
3	25 January 2022	Mrs W	Transfer	£20,000.00
4	22 February 2022	Mrs W	Transfer	£20,000.00
5	23 February 2022	Mrs W	Transfer	£10,000.00
6	24 February 2022	Mrs W	Transfer	£10,000.00
7	25 February 2022	Mrs W	Transfer	£10,000.00
8	26 February 2022	Mrs W	Transfer	£10,000.00
9	10 March 2022	Mrs W	Transfer	£10,000.00

Lloyds agreed it could have done more to protect Mrs W from losing her funds but also said she should share blame for what had happened. Lloyds therefore agreed to refund 50% of Mrs W's loss.

Our Investigator considered Mrs W's complaint and thought Lloyds had done enough to resolve it. Mrs W didn't agree so this 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.

It has not been disputed that Mrs W has fallen victim to a cruel scam. The evidence provided by both Mrs W and Lloyds sets out what happened. What is in dispute is whether Lloyds should refund the money Mrs W lost due to the scam.

#### *Recovering the payments Mrs W made*

Mrs W made the disputed payments from her Lloyds account to another account in her own name before they were sent to the scammer. With this in mind, any attempts to recover the funds from the payee's account (Mrs W's own account elsewhere) would not be successful.

#### *Should Lloyds have reasonably prevented the payments Mrs W made?*

It has been accepted that Mrs W authorised the payments that were made from her account with Lloyds, albeit on X's instruction. So, the starting point here is that Mrs W is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Lloyds should have been aware of the scam and intervened when the payments were made. And if it had intervened, would it have been able to prevent the scam taking place.

Although the payments Mrs W made from her Lloyds account were made to another account in her name, which generally comes with less risk than sending funds directly to a third-party account. The payments were significant in value, and most were sent on consecutive days. This was not the way Mrs W usually operated her Lloyds account so I think Lloyds should have had concerns when the payments were made, and it should have intervened.

Lloyds accepted it should have done more to protect Mrs W before she brought her complaint to our service and offered Mrs W a 50% refund of her loss. So, I have gone on to consider if Mrs W should also share blame for what happened.

Mrs W made payments into an investment she had no prior experience with. The amounts Mrs W was investing were substantial, so I think it's reasonable to say that she should have acted with caution before parting with her funds. For example, Mrs W could have carried out research by searching online for X where she would have found negative reviews posted before she made her payments. Mrs W could also have sought the advice of a financial advisor or another independent person before making the payments which would likely have resulted in the scam coming to light, and Mrs W deciding against making the payments.

As Mrs W didn't take a reasonable level of care before making the payments I think it is fair in the circumstances that she also shares responsibility for half of the loss she incurred.

Mrs W has told us that she was vulnerable at the time of making the payments with a health condition that Lloyds would have been aware of as she was in receipt of a Personal Independent Payment (PIP).

I appreciate what Mrs W has told us, but PIP payments are made for a variety of different health conditions including those that would not make an individual vulnerable to a scam. As Lloyds were not aware of Mrs W's actual condition until after she made the payments, I don't think it's reasonable to have expected it to have taken her vulnerability into consideration at the time the payments were made.

I understand that Mrs W feels that the payments she has disputed should be refunded in accordance with the CRM Code. But the CRM Code only applies when domestic payments (as the result of a scam) are sent to another person. Here Mrs W sent payments to an account held in her own name. And the scam occurred when payments were made from that account. So, the CRM code is not applicable in this case.

Overall, I think Lloyds has acted fairly in agreeing to refund half of Mrs W's loss and I don't require it to do anything further.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 30 May 2025.

Terry Woodham  
**Ombudsman**