

## The complaint

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

## What happened

Mr W says that he had an account with an online lottery platform I'll refer to in this decision as G. He received a call from someone who purported to be from G. Mr W was told he had the same name and date of birth as a deceased person who was due a lottery payout and that he could claim the winnings. The caller told Mr W not to log into his account with G.

Mr W was persuaded that if he made a series of payments, he would receive £1.2 million. In the period from 14 January 2022 to 24 August 2022 Mr W made 32 payments of between £108.85 and £5,600 to the account of a company I'll call N. He received credits of £2,278.36. I have set the transactions out in the table below.

Transaction	Date	Amount
1	14/01/22	£279
2	24/01/22	£300
3	01/03/22	£299
4	03/03/22	£700
5	07/03/22	£499
6	07/03/22	£499
7	07/03/22	£500
8	09/03/22	£2,500
9	10/03/22	£1,300
10	14/03/22	£1,140.78
11	16/03/22	£1,323
12	18/03/22	£1,323
13	22/03/22	£1,323
14	01/04/22	£3,400

15	04/04/22	£108.85
16	04/04/22	£3,772.14
17	07/04/22	£5,600
18	11/04/22	£2,900
19	12/04/22	£1,900
20	19/04/22	£2,700
21	22/04/22	£1,300
22	03/05/22	£1,000
23	04/05/22	£700
24	18/05/22	£1,200
25	23/05/22	£999.89
26	24/05/22	£631.67
27	21/06/22	£823.28
28	01/07/22	£941.08
29	07/07/22	£1,800
30	25/07/22	£112
31	22/08/22	£500
32	24/08/22	£500

Mr W realised he was the victim of a scam when he didn't receive the expected funds, and he stopped receiving calls from G.

Through a professional representative, Mr W complained to Lloyds in February 2024. He said that at the time he made the payments he was vulnerable as he was in his 70s and lacked knowledge of scams and technology. And Mr W's brother died during the period of the scam. Mr W also said that Lloyds failed to identify out of character transactions and intervene appropriately.

Lloyds didn't agree to reimburse Mr W. It considered Mr W's complaint under the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code) and said it could rely on the reasonable basis for belief exception, and that it didn't need to provide warnings when the payments were made. This was because the payments Mr W made weren't unusual and out of character as they were not made in quick succession, and the highest value payment was only slightly more than a previous payment Mr W had made.

#### *Our investigation so far*

The investigator who considered this complaint recommended that it be upheld in part. She said that Lloyds could fairly rely on the reasonable basis for belief exception to reimbursement under the CRM Code, but that Lloyds should reimburse 50% of one transaction because it should have provided a warning and didn't (and to deduct credits received). The investigator didn't think Mr W should be reimbursed in full based on his vulnerability.

Lloyds agreed with the investigator's recommendation, but Mr W did not. In summary, he

said:

- Mr W's personal circumstances meant that it would be unreasonable to expect him to protect himself from the scam he fell victim to so he should be reimbursed in full. He was targeted by a serial scammer who preys on elderly individuals who have no knowledge of modern methods of scamming. The scammer exploited Mr W's limited ability to use technology to complete due diligence. Mr W also lost his brother during the scam.
- An effective warning when Mr W made a £5,600 payment on 7 April 2022 would have uncovered the scam so he should be reimbursed from this date. The transaction was out of character and Lloyds should have asked questions, including the purpose of the payment. Had it done so, the scam would have been uncovered.

The 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.

When thinking about what is fair and reasonable in this case, I've considered whether Lloyds should have reimbursed Mr W under the provisions of the CRM Code and whether it ought to have done more to protect him from the possibility of financial harm from fraud.

I'm really sorry to hear that Mr W has lost money in a cruel scam. There's no dispute that he was tricked into making the payments. But this isn't enough for him to receive a refund of the money under the CRM Code.

The CRM Code says that a customer who was vulnerable when they made an Authorised Push Payment ('APP') scam payment should receive a full refund of that payment, regardless of any exceptions set out in it. The CRM Code states that:

*"A Customer is vulnerable to APP scams if it would not be reasonable to expect that Customer to have protected themselves, at the time of becoming victim of an APP scam, against that particular APP scam, to the extent of the impact they suffered."*

I've thought about what Mr W has said in the context of the CRM Code, and I'm not persuaded that he couldn't reasonably be expected to have protected himself from the scam because of his vulnerabilities. Mr W's age alone does not make him vulnerable and I can't see why his lack of technological knowledge impacted this scam, as the scam involved calls and emails and no complex technology. And, whilst I appreciate the death of his brother will have had a significant impact on Mr W, it's clear from a message he sent to the scammer that this happened in October 2023, well after the last scam payment in this case.

I've gone on to consider other provisions of the CRM Code, which requires firms to reimburse customers who have been the victims of APP scams like this, in all but a limited number of circumstances. Under the CRM Code, a bank may choose not to reimburse a customer if it can establish that:

- The customer made payments without having a reasonable basis for believing that: the payee was the person the customer was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate.

- The customer ignored what the CRM Code refers to as an “Effective Warning” by failing to take appropriate action in response to such an effective warning.

There are other exclusions in the CRM Code that aren’t relevant here.

Taking into account all the circumstances of this case, I think the concerns Lloyds has raised about the legitimacy of the transactions Mr W made are enough to support its position that it may rely on an exception to reimbursement in the CRM Code. I don’t think he had a reasonable basis for believing the person he transacted with was legitimate and will explain why.

- Mr W received out of the blue contact from someone claiming to be from G. There was nothing to verify that this was true.
- There is no evidence that Mr W was called from a spoofed number that might have added legitimacy to what he was being told.
- The story that Mr W was given – that he had the same name and date of birth as someone who had won a huge sum of money and had died, but he needed to make payments first, wasn’t plausible and ought reasonably to have led Mr W to be cautious and to verify the information given. I’m uncertain why Mr W thought he could receive such funds rather than the deceased’s estate.
- Mr W was told not to log into his account with G, which I consider to be concerning. I can see no reason why, if Mr W was genuinely entitled to a payment, this wouldn’t be reflected in his account, and he couldn’t check this.
- Mr W wasn’t asked to pay G. He thought his payments were to N, but he received confirmation of payee no match results.
- It’s unclear what the multiple payments Mr W made were for or why he was required to make so many payments.

Taking all these points into account, I’m satisfied Lloyds acted reasonably in relying on an exception to reimbursement under the CRM Code.

*Should Lloyds have provided effective warnings or intervened?*

The CRM Code also sets out standards that firms are required to meet. Where these are not met, a firm may still be liable to reimburse a victim in part, even where it has been able to establish that an exception to full reimbursement can be fairly applied (as is the case here). Those requirements include the provision of what the Code defines as an “Effective Warning” when a firm identifies an APP scam risk in relation to a payment.

In this case I’m not persuaded Lloyds needed to provide effective warnings in respect of all but one of the payments. Most payments Mr W made to N were low in value and consistent with his usual account activity. Whilst there were multiple transactions on a few days, the total value wasn’t particularly large (for example, three payments on 7 March 2022 adding up to £1,498). And although there were a lot of transactions, they were made over an eight-month period so the activity on Mr W’s account started to look normal.

Like the investigator, I consider Lloyds ought reasonably to have provided a warning when Mr W made transaction 17, and for the same reasons. This was a higher value transaction and, following the two payments a few days before, represented a change in account

activity. No warning was provided so I'm satisfied that under the CRM Code Mr W should be reimbursed 50% of this payment (subject to a deduction for credits received as discussed below).

I've gone on to consider Lloyds' wider obligations to look out for unusual and out of character transactions. But I don't consider any of the transactions Mr W made were so unusual and suspicious that Lloyds ought reasonably to have intervened and discussed them with Mr W. This means I don't agree with Mr W that he should be reimbursed 50% of all transactions from payment 17 onwards.

Finally, I've considered whether Lloyds did enough to recover Mr W's funds. I've seen evidence which shows that Lloyds contacted the bank that received the payments, but no response was received. Given the time that elapsed before the scam was reported I find it very unlikely that any funds remained.

Overall, whilst I'm sorry to hear about Mr W's loss, I can't reasonably ask Lloyds to provide a full refund.

### **My final decision**

For the reasons stated I uphold this complaint and require Lloyds Bank PLC to

- Pay Mr W £1,660.82 (£5,600 less credits of £2,278.36, divided by two); and
- Pay interest on the above amount at the rate of 8% simple per year from the date his claim was declined to the date of settlement.

If Lloyds Bank PLC is legally required to deduct tax from the interest it should send Mr W a tax deduction certificate so he can claim it back from HMRC if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 26 June 2025.

Jay Hadfield  
**Ombudsman**