

## The complaint

Mrs S complains that Lloyds Bank PLC did not refund a series of payments she lost to a scam.

## What happened

Mrs S was contacted via a messaging app about a job opportunity that was fully remote. Unfortunately, this was a scam in which Mrs S had to complete a set number of tasks before she could receive her earnings. She was encouraged to pay cryptocurrency to clear special combination tasks that cost more to complete but would earn higher levels of commission. These had to be completed to finish the set and these slowly became more and more expensive. Mrs S says that when she was asked to pay taxes of over £40,000 on her earnings before receiving them, she realised she had been the victim of a scam.

Date	Amount
29/06/2023	£1,309.00
30/06/2023	£1,700.00
07/07/2023	£15.00
13/07/2023	+ £3,092.00
14/07/2023	£845.52
17/07/2023	+£750.00
18/07/2023	+£800.00
20/07/2023	+£2,350.00
21/07/2023	£3,243.75
21/07/2023	£461.07 + 13.78
04/08/2023	£29.65
14/08/2023	£1,000.00
15/08/2023	£724.00
23/08/2023	£11.18
24/08/2023	£1,984.23
24/08/2023	£1,981.88
04/09/2023	£20.00
01/11/2023	£65.46
<b>Total loss</b>	<b>£6,412.52</b>

Mrs S made a number of payments from her Lloyds account towards the scam. These were either peer to peer cryptocurrency purchases, payments into her own cryptocurrency wallet or to other payment processing companies. She also received funds from the scammer to help facilitate the tasks. Mrs S raised a scam claim with Lloyds who issued a final response letter explaining the payments were not covered under Lending Standards Board's Contingent Reimbursement Model ("CRM") Code. They said that they did intervene in the first payment made as part of the scam, but Mrs S told them she was paying a family friend and did not reveal the true purpose of the payments. So, they did not think they made an error in processing the payments.

Mrs S referred the complaint to our service and our Investigator looked into it. They said that

Lloyds should have identified the payment of £3,243.75 to a crypto wallet as unusual and contacted Mrs S before releasing it. But they felt that as Mrs S had previously hidden the purpose of a payment related to the scam, and followed the guidance of the scammer to circumvent banks and cryptocurrency companies' security systems, any intervention would not have revealed the scam.

Mrs S's representative disagreed with the findings. They said that Mrs S was not coached to actively lie to the bank and the chat with the scammer did not indicate what she would have done if she was given a proper scam intervention and warning. They said that she realised she had been the victim of a scam when she was asked to pay tax so this shows she paid attention to red flags and would have heeded a warning.

As an informal agreement could not be reached, the complaint has been passed to me for a final 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.

I'm satisfied Mrs S has been the victim of a scam based on the evidence provided. What I need to decide is if Lloyds did enough to try and protect her account from financial harm.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Mrs S authorised the payments in question as she believed they were part of a legitimate job opportunity. So, while I recognise that she didn't intend the money to go to scammers, the starting position in law is that Lloyds was obliged to follow Mrs S's instruction and process the payments. Because of this, she is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Lloyds did enough to try to keep Mrs S's account safe.

I've firstly considered if any of the payments were unusual enough to warrant intervention from Lloyds. I can see that the payment of £3,243.75 on 21 July 2023 was going to a known cryptocurrency provider, and I think there should have been some form of intervention here from Lloyds. Considering the value of the payment, I think this should have been a tailored cryptocurrency warning. At that time, I would not have expected Lloyds to include warnings relevant to job scams in a tailored cryptocurrency warning. With this in mind, I think it is unlikely that a proportionate warning about cryptocurrency investment scams at that time would have revealed the scam, as it would not have been relevant to the type of scam Mrs S had fallen victim to.

I can see that our service previously said a human intervention was relevant here, and for completeness I have also considered whether a human intervention at that stage would likely have uncovered the scam. It isn't possible to know exactly how a conversation would have gone, but I have considered all of the evidence available on the case to come to an outcome I think is more likely in the circumstances.

I've firstly considered the initial intervention carried out by Lloyds on the first payment of £1,309. I can see they telephoned Mrs S to ask what the payment is for. This was to purchase cryptocurrency from an individual, however Mrs S told Lloyds she was lending money to a family friend and she denied that anyone had asked her to lie. This payment was not particularly unusual compared to her genuine account activity and the answers Mrs S gave did not give cause for Lloyds to probe further and ask additional questions, so I think it is reasonable that they released the funds at that point.

I think this conversation shows Mrs S was willing to hide the true purpose of the payments related to the scam in order to ensure they were processed. I appreciate the situation would have been different when it was clear the payments were going to cryptocurrency, but in order for Lloyds to give an effective scam warning, Mrs S would have had to reveal she was making the payments in relation to a job and on balance I think it is likely she would have revealed this.

Mrs S's representatives have said she was guided by the scammer in how to practically make the payments, but not to mislead the bank. However, I can see that when the scammer instructed her to open an account with another financial institution in August, they told Mrs S to contact them if she encountered any problems. Mrs S went on to ask the scammer what answer she should give for the account opening reason, which the scammer advised her to answer as 'shopping'. I think this shows Mrs S was willing to turn to the scammer for guidance on how to answer questions posed by financial institutions to ensure she was able to make payments related to the scam. And I think it is more likely the scammer would have taken steps to ensure Mrs S did not reveal the payments were for a job.

Mrs S's representatives have said she realised she had been the victim of a scam when she was asked to pay taxes on the withdrawal, and this shows she would have heeded a warning had Lloyds given her one. I've reviewed the chat with the scammer, and I can see that she became aware of the taxes on 31 August 2023. Despite this, Mrs S went on to make further payments towards the scam in September and November 2023. Looking at the chat, Mrs S appears to have become involved in a similar flexible job, that was likely another job scam in order to pay the taxes requested. With this in mind, as it still took some time for Mrs S to realise something was not right, it brings into question whether a relevant scam warning would have been enough at the time to break the spell of the scam that she was under.

With all of the above in mind, I think it is more likely a human intervention at the payment of £3,243.75 on 21 July 2023 would not have meaningfully revealed the scam. So, I don't think Lloyds needs to reimburse Mrs S in the circumstances.

I'm satisfied that Lloyds could not have done more to recover Mrs S's funds once they were aware of the scam. As the funds either credited another account in Mrs S's name before being taken by the scammer, or were used to legitimately purchase peer to peer cryptocurrency, it was not possible for Lloyds to recover the funds once they were sent to the scammer.

I understand that this will be very disappointing for Mrs S, and I recognise that she has been the victim of a cruel and manipulative scam. But I do not consider that it would be fair to hold

Lloyds responsible for her loss, so I won't be asking it to refund any of that loss to her.

**My final decision**

I do not uphold Mrs S's complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 20 March 2025.

Rebecca Norris  
**Ombudsman**