

## Complaint

Mr N is unhappy that Lloyds Bank PLC didn't reimburse him in full after he reported falling victim to a scam.

## Background

In late 2023, Mr N was unfortunately targeted by an employment scam. Having recently been made redundant, he was actively seeking new job opportunities when he made contact with an individual claiming to be a recruiter. The recruiter described a remote and flexible role involving the completion of online tasks designed to enhance the marketability of certain products. While the nature of the work was somewhat vague, Mr N was told he would only need to work for one hour per day, with the potential to earn daily commissions ranging from £100 to £400.

Early on, Mr N received a small return, which gave him confidence that the opportunity was legitimate. However, he was later informed that to continue working and earning commissions, he would need to fund his account. Believing this was a necessary step to maintain his employment and income, Mr N made the following card payments from his Lloyds account:

1	22 December 2023	£30
2	22 December 2023	£30
3	23 December 2023	£184
4	29 December 2023	£474
5	30 December 2023	£1,060
6	18 February 2024	£1,770
7	25 February 2024	£965
8	26 February 2024	£170

These payments were made to an account in Mr N's name with a third-party cryptocurrency exchange. The funds were then converted into cryptocurrency and transferred into the control of the fraudsters. Mr N took these steps in the genuine belief that these payments were necessary to continue his employment and receive further commission payments.

Once he realised that he'd fallen victim to a scam, he notified Lloyds. He did this on 19 March 2024. It didn't respond until 5 June 2024 – but it did offer to partially uphold his complaint. It agreed to pay him £2,905 – i.e. the total value of payments 6, 7 and 8. It also offered him £100 to account for the shortcomings in the way it had responded to his complaint. Mr N wasn't happy with that response. He thought £100 was insufficient compensation. He also pointed out that he'd engaged the services of a law firm to help him bring the complaint and that it would be due a significant portion of his redress. He thought Lloyds should cover those costs.

He referred his complaint to this service. It was looked at by an Investigator who didn't uphold it. Mr N disagreed with the Investigator's opinion and so the complaint has now been passed to me to consider and come to a final decision.

## Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

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

Lloyds was a signatory to the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code) which requires refunds to be paid to fraud victims in some circumstances. However, it doesn't apply to these payments because they were made by card. Nonetheless, good industry practice required that Lloyds be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to protect their customer. That might be as simple as providing a written warning as part of the payment process or it might extend to making contact with the customer to establish the circumstances surrounding the payment.

Although we now know Mr N was scammed, the real question is whether Lloyds had enough information at the time to reasonably suspect fraud without the benefit of hindsight. I've considered that question carefully, but I'm not persuaded it would've had reasonable grounds to suspect fraud. Payments 1 to 5 were relatively low in value and Mr N's account maintained a healthy balance throughout. I don't consider that these payments, viewed in isolation or collectively, would have given Lloyds reasonable grounds to suspect fraud or to intervene at that stage.

From payment 6 onwards, Lloyds did take action by blocking Mr N's card and contacting him to discuss what was happening. The bank has acknowledged that it didn't handle that conversation as well as it should have. As a result, it agreed to refund payments 6, 7, and 8. I think that's a fair and reasonable outcome. If Lloyds had handled the interaction differently at the time of payment 6, it's likely that Mr N wouldn't have gone on to make payments 7 and 8, so those losses would have been avoided. Mr N believes Lloyds should have identified the scam earlier, but I do not agree. Based on the information available to the bank at the time, I don't think it had sufficient grounds to intervene before payment 6.

I also considered whether Lloyds could have pursued a chargeback. However, the payments were made to a third-party cryptocurrency exchange. It fulfilled its contractual obligations by accepting Mr N's deposits and converting them into cryptocurrency. The issue wasn't with the third-party firm failing to deliver what was promised, but rather with what happened to the cryptocurrency after it left the exchange when it came under the control of the fraudsters.

Unfortunately, that falls outside the scope of what a chargeback is for. In these circumstances, I don't think a chargeback would've had any realistic prospect of success.

I've also considered whether Lloyds needs to make a payment for distress and inconvenience. It offered Mr N £100 for the way it handled things. While there were delays in responding to his complaint, these are partly compensated by the 8% interest awarded on the refunded amount. In addition, the primary cause of Mr N's distress was the fraud itself, not Lloyds' actions. Given this, I consider the £100 payment to be fair and reasonable. Mr N has said the situation caused him financial hardship. However, so far as I can see, there is no evidence that this was communicated to Lloyds at the time. Had he informed the bank, I might have reached a different conclusion. In the absence of any special circumstances, I consider £100 to be an appropriate award for the delay involved.

Finally, I've considered Mr N's request for Lloyds to cover his legal fees. He chose to appoint a solicitor who works on a contingency basis, meaning they take a percentage of any redress awarded. That was a decision he made independently, and Lloyds had no involvement in that arrangement. Mr N has said he felt he needed legal representation for Lloyds to take his complaint seriously and offer a settlement. However, there's no evidence to suggest that it would have acted any differently had he raised the complaint himself. While I understand why Mr N may have wanted support in dealing with the complaint, I don't think it would be fair or reasonable to require Lloyds to pay for the legal costs he chose to incur, especially when there's no indication that those costs were necessary to achieve the outcome he received.

I want to be clear that nothing I've said is intended to downplay the seriousness of what Mr N has been through. It's clear he was the victim of a cruel and calculated scam, and I have a great deal of sympathy for the distress and financial loss he's experienced as a result. That said, my role is to assess whether the bank acted fairly and reasonably in the circumstances. While I fully recognise the impact this has had on him, I'm satisfied that Lloyds' offer to refund part of the loss, along with the additional compensation it paid, represents a fair and appropriate response.

### **Final decision**

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 14 August 2025.

James Kimmitt  
**Ombudsman**