

## **The complaint**

Mr G complains about the actions of Lloyds Bank Plc when he lost money to a scam.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In August 2023 Mr G was contacted via a messaging service by a third-party working for a merchant purporting to be from a recruitment company. Mr G was told that the job was to complete cinema bookings on an online platform to receive commission. Mr G completed some demo tasks on the merchant's platform, was added to a group chat and then completed some research into the recruiter. Happy with his research he agreed to start sending money to the merchant. Mr G was told he needed to set up crypto wallets with genuine crypto exchanges so that he could then forward his funds to the merchant. Mr G then went on to make thirteen payments between 6-22 September 2023. After asking to withdraw some of his commission he was told he needed to pay withdrawal fees which made sense to him at the time. So, he made a further three payments in October 2023. In total Mr G made payments towards the scam of around £12,000. After being asked to pay more fees, he became suspicious and realised he had been scammed.

Mr G contacted Lloyds to see if he could get his money back. Lloyds reviewed the claim but said it wouldn't be able to offer a refund as it hadn't done anything wrong. It also said it wasn't possible to recover Mr G's money. But it did offer £50 for the way it handled his complaint. Mr G remained unhappy, so he complained to our service.

Our investigator didn't think the complaint should be upheld. He said that Lloyds reasonably intervened in some of the payments and spoke to Mr G and provided some warnings to him about the payments. However, because of the answers Mr G gave to Lloyds' questions it couldn't uncover the scam. So, he didn't think the complaint should be upheld.

Mr G disagreed and has asked for an Ombudsman's review. He said that Lloyds should've done more to stop these payments given that he is vulnerable and would sometimes need help to make the payments from his partner because he has trouble with numbers.

## **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.

Having done so, I've reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Mr G has been the victim of a cruel scam. I know he feels strongly about this complaint, and this will come as a disappointment to him, so I'll explain why.

I've read and considered the whole file. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I've failed to take it on board

and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome.

Where the evidence is incomplete, inconclusive, or contradictory (as it is here), I have to make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

It is common ground that Mr G authorised the scam payments of around £12,000. I accept that these were authorised payments even though Mr G was the victim of a scam. So, although it wasn't his intention to pay money to the scammers, under the Payment Services Regulations 2017 (PSRs) and the terms of his account, Mr G is presumed liable for the loss in the first instance.

However, taking into account the law, regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Lloyds to take additional steps or make additional checks before processing a payment in order to help protect customers from the possibility of financial harm from fraud.

Lloyds's first obligation is to follow the instructions that Mr G provides. But if those instructions are sufficiently unusual or uncharacteristic for the account, I'd expect Lloyds to intervene and to ask their customer more about the intended transaction before processing it. I'd also expect Lloyds to provide suitable warnings about common scams to help their customers make an informed decision as to whether to continue with the payment. There might also be cases where it's appropriate for Lloyds to refuse to follow the instruction if there are good grounds to believe it is being made as a result of a fraud or scam.

Here, Lloyds didn't stop the first eleven payments made towards the scam. But it did then stop some later open banking and debit card payments Mr G made. The investigator has already gone into great detail about what was said in those interventions, so I won't repeat that all here. But to be clear I'm in agreement with the investigator. That Lloyds stopped some of the payments and asked Mr G some probing questions so it could be satisfied it was him making the payments and that he wasn't being scammed. Unfortunately, Mr G wasn't honest with Lloyds about the real reason he was making the payments (for a job he had been contacted about) which in turn made it unlikely that Lloyds could reasonably uncover the scam during the telephone conversations. I've noted important questions such as *"has anyone asked you to create this trading account"* and *"are you holding crypto assets for yourself"* weren't answered correctly with Mr G giving Lloyds the impression he was trading in crypto for himself instead of sending money to a third party to complete job tasks.

I've also heard Lloyds give clear generic warnings to Mr G – as a result of his answers to its probing questions about crypto and moving money to other wallets. These warnings told Mr G to be careful when holding crypto and that a lot of scams can be very simple but effective especially where a wallet and/or an account has been set up for the consumer by a third party. But Mr G ignored these warnings despite them making it clear about third party requests to make payments and to external wallets could be signs of a scam. I accept these warnings weren't completely specific to crypto currency job scams but that's only because of the answers Mr G provided.

I note Mr G's point about his vulnerabilities at the time of the scam. But I can't say that Lloyds should've reasonably done more to stop this scam if it wasn't aware of his vulnerabilities at the time.

As a result of the above, I'm not going to ask Lloyds to refund Mr G's money here.

## *Recovery*

Here Mr G made some debit card payments to crypto exchanges where Mr G received the service he had paid for on the card – the exchange of the crypto. As a result, Lloyds didn't treat Mr G unfairly by not pursuing a chargeback here. And because the open banking payments were sent to accounts in Mr G's name and within his control it wouldn't be possible for Lloyds to recover these funds. And we know that Mr G then subsequently moved his funds into crypto and then to the scammer.

Lloyds offered Mr G £50 because of the way it handled his complaint. I've seen that the investigator didn't make any further award to Mr G on the trouble and upset he says Lloyds caused him after reporting this scam. To be clear I agree with the investigator's reasoning here. And I won't be making any further award to Mr G.

I'm sorry to hear Mr G has been a victim in this way, but I don't think Lloyds are responsible for his loss and so I can't fairly ask them to do more.

## **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 12 February 2025.

Mark Dobson  
**Ombudsman**