

Complaint

Miss J is unhappy that Lloyds Bank PLC didn't reimburse her after she fell victim to a scam.

Background

In early 2024, Miss J was looking for work online. She'd submitted her contact details on several adverts. She received contact from an unknown number, which she didn't find surprising because she'd been making enquiries about lots of different jobs. The person who called her said they could offer her a work opportunity in which she would earn commission by completing surveys online.

She didn't know it at the time, but this wasn't a legitimate job opportunity. She'd been targeted by fraudsters. Unfortunately, Miss J doesn't have any evidence of the communications she had with the fraudsters.

She used her Lloyds account to make the following payments:

1	6 Jan 2024	£9
2	9 Jan 2024	£2
3	9 Jan 2024	£46
4	9 Jan 2024	£10
5	9 Jan 2024	£82.31
6	11 Jan 2024	£10
7	11 Jan 2024	£380
8	11 Jan 2024	£995
9	11 Jan 2024	£2,195
10	11 Jan 2024	£3,695
11	11 Jan 2024	£7,767

Those payments were made to a third-party cryptocurrency exchange and deposited into an e-wallet in Miss J's name. They were then converted to cryptocurrency and transferred into the control of the fraudsters.

Once Miss J realised that she'd fallen victim to a scam, she notified Lloyds. It didn't agree to reimburse her in full. Miss J wasn't happy with that and so she referred her complaint to this service. It was looked at by an Investigator who concluded that Lloyds could've done more at

the point Miss J made payment 9 in the table above. However, the Investigator also thought that it was fair and reasonable for her to bear partial responsibility for her losses by way of contributory negligence.

Miss J disagreed with the Investigator's opinion and so the complaint has 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. It's not in dispute that Miss J authorised these payments and so she is presumed liable at first instance.

Lloyds was a signatory to the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code). Under that Code, firms are expected to refund customers who fall victim to scams in some circumstances. However, in order for a payment to be covered by those rules, it needs to meet the CRM Code's definition of a scam:

The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.

Unfortunately, these payments were being made to an account in Miss J's name with a third-party and so, for the purposes of that definition, they weren't being made to "another person." As a result, these payments aren't covered by the CRM Code.

However, that isn't the end of the story. 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.

We now know with the benefit of hindsight that Miss J was falling victim to a scam. The question I must consider is whether that should've been apparent to Lloyds given the information it had at its disposal. I don't think it could reasonably have been expected to take action in connection with the earlier payments. While Miss J hadn't made payments to a cryptocurrency platform in the past, the values of the payments is a relevant risk factor and I don't think it would be reasonable or realistic to expect Lloyds to have intervened in connection with payments of that value.

The Investigator concluded that Lloyds should've been concerned at the point Miss J made payment 9. I'd agree with that conclusion. That marked a significant increase in the value of the payments and Lloyds would've known that they were being made to a cryptocurrency related payee with all of the associated risk. It shouldn't have processed that payment without first making enquiries with Miss J to establish the wider circumstances. If it had done so, I think it's more likely than not that she would've been dissuaded from making that and the subsequent payments.

Lloyds has already accepted this. The remaining question I must consider is whether it is fair and reasonable for Miss J to bear some responsibility for her own losses here. In other

words, can it fairly be said that this loss occurred partly due to the fault on the part of the bank and partly due to fault on the part of Miss J?

I don't doubt that Miss J sincerely believed she was making payments in connection with a legitimate employment opportunity, but I'm not persuaded it was reasonable for her to believe that. While she was actively looking for work opportunities, she hadn't made enquiries with that particular company and so perhaps should've been more concerned at the unsolicited contact. The nature of the arrangement, including being asked to open an account with a cryptocurrency platform and needing to pay in order to work/access the commission she'd earned, was an unusual one.

It contrasted with the typical relationship between employer and employee where people expect to be paid for the work they do, not the other way around. I think it ought to have struck Miss J that this arrangement was an unusual one and she should've proceeded only with caution. Unfortunately, she's not been able to provide copies of the messages she exchanged with the fraudsters, so I don't know if or how they managed to explain why things worked in this way or if Miss J questioned it.

I don't say any of this to downplay the fact that she has fallen victim to a cruel and cynical scam. I recognise that my findings on this point may feel harsh. I have a great deal of sympathy for her and the position she's found herself in. Nonetheless, I have to consider what is a fair way of resolving this complaint between the parties and I'm satisfied that it's fair and reasonable for Lloyds to make a 50% deduction from the compensation payable.

Finally, I've considered the customer service difficulties and delays she experienced when she brought her complaint. I accept that this was difficult for her, but I'm satisfied that £75 represents fair compensation for the distress and inconvenience she experienced here.

Final decision

For the reasons I've explained above, I uphold Miss J's complaint in part.

If Miss J accepts my final decision, Lloyds Bank PLC needs to do the following (if it hasn't already done so):

- refund 50% of payments 9, 10 and 11; and
- pay Miss J £75 in recognition of the distress and inconvenience she experienced.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 2 July 2025.

James Kimmitt
Ombudsman