

The complaint

Mr S complains that Lloyds Bank Plc (Lloyds) won't refund him the money he lost in a work tasks scam.

Mr S is being represented by a third-party, but for ease of reference I'll refer to Mr S only.

What happened

Mr S was contacted about a job through a popular messaging service. Mr S was interested and responded to the message to find out more. The job could be carried out remotely and involved Mr S performing tasks to earn commission. He says he looked at the scammer's website, which looked very professional, and he did some research into the end client company on whose behalf the scammer said they were acting and everything appeared to be legitimate.

His tasks appeared in an account he could access on the scammer's website, and he could see details of the commission he was earning. It was explained to him that he would need to deposit money, on occasion, because his account balance would sometimes appear to be negative, and money would have to be invested to bring it back up to a positive balance. He was told he could only withdraw his earnings while the account balance was positive.

Mr S says he made the following payments as part of this scam:

Date	Payment type	Amount	Beneficiary
16/08/2023	Faster payment online	£5	Own EMI account
17/08/2023	Faster payment online	£2,995	Own EMI account
18/08/2023	Faster payment online	£2,000	Own EMI account

Mr S called the bank on 23 August 2023 to report the scam. He identified the payments of £2,995 and £2,000 on 17 and 18 August 2023 as the payments that had been made to his cryptocurrency account (via another account) and then paid out from there to the scammers.

Mr S has not complained to Lloyds about a £5,000 payment on 16 August 2023 to his own account with an electronic money institution (EMI), even though it appears payments to the scammers were also made from his account with the EMI.

Two further payments were attempted after those Mr S has complained about. Lloyds held the final two payments on 18 August 2023. Lloyds asked Mr S to call it to discuss those payments. In that call, Lloyds asked Mr S some questions about the payments and Mr S asked to cancel them.

Mr S says he realised he had been the victim of a scam when he was asked to deposit more and more into the account and every time he completed his assigned tasks, the balance in his account would turn negative, meaning he would be unable to withdraw money.

Mr S says the high value transactions, for £2,995 and £2,000, made within a day of each other, were unusual for his account and should have prompted earlier and better intervention

from Lloyds. If it had intervened, he thinks Lloyds would have uncovered the scam and prevented his loss.

Lloyds says it doesn't consider the transactions were sufficiently out of character that it should have intervened. It also said Mr S gave it inaccurate answers when it did speak to him in relation to the later, cancelled transactions, during a telephone call on 18 August 2023. It says it gave appropriate warnings during the call and no further loss was identified after that point. It didn't consider Mr S had done sufficient research before taking on the job and making payments and he didn't have a reasonable basis for believing the scam he fell victim to.

Our investigator didn't uphold the complaint. He didn't consider the pattern of transactions was particularly unusual, to the extent that Lloyds ought to have intervened earlier than it did. When Lloyds did intervene, by holding the transactions and speaking to Mr S, Mr S cancelled the transactions. Lloyds contacted the receiving bank as soon as it was made aware of the fraud but was unable to recover Mr S's money.

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.

There is no dispute that Mr S authorised the payments. I appreciate he didn't intend his money to go to scammers. Under the Payment Services Regulations 2017, he is liable for the loss in the first instance. But the matter doesn't end there.

In this case, the Contingent Reimbursement Model code does not apply because the transactions were between two accounts held by Mr S. However, taking into account the law, regulatory rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Lloyds should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

Having considered everything, I'm not upholding Mr S's complaint.

I agree with the investigator that the three transactions in question wouldn't have appeared particularly unusual or suspicious to Lloyds. Whilst they were made on successive days, they were not particularly large or unusual payments. Looking at Mr S's account statements, I can see that he had made fairly frequent payments to other accounts held in his name, including at least five payments of over £1,000 in the six months before the scam. There were some features of the transactions that might have caused some concern, for example, the transactions depleted the account quite significantly and were followed by top ups into the account which were then paid away and they were part of a series of other transactions,

notably two further payments on 18 August 2023 where Lloyds did intervene. But overall, I don't consider it was unreasonable for Lloyds not to have intervened on the three transactions in question.

When Lloyds did intervene in person, on 18 August 2023, I consider its actions were appropriate. It asked Mr S some questions and he quickly said he wanted to cancel the transactions, but Lloyds didn't stop there. It asked further questions, in my view to establish whether Mr S was being scammed. For example, it asked what the purposes of the payments were, how well he knew the person he was paying, whether he had he opened the account he was transferring money to himself, whether anyone else had access.

Mr S advised that the transactions were to a cryptocurrency account in his own name (but they appear to have actually been to his EMI) and that he was making the payments so he could send money on to a friend. Lloyds gave some fraud advice and warnings, specifically relating to safe account scams and impersonation scams, based on the answers Mr S gave about sending the money to a friend. I find that Lloyds's intervention was appropriate at that point. It blocked the transactions and asked relevant questions in an attempt to help Mr S. Mr S said he was making the payments to pay a friend, which wasn't really accurate. Had he explained he was making the payments as part of a job opportunity he'd heard about over social media, Lloyds's response would likely have been different, but ultimately the transactions didn't go ahead in any event and so Lloyds's intervention appears to have prevented some of Mr S's loss.

While Mr S hasn't complained about the £5,000 transaction made on 16 August 2023, in any event I've considered whether Lloyds ought to have intervened at that point, given the size of the payment and that it was the third payment to the same account on the same day, with amounts escalating each time. But even if it had, I'm not persuaded it would have prevented Mr S's loss.

I consider a proportionate intervention at that point might have been for Lloyds to have sent Mr S a written warning that broadly covered various scam risks, as it was a relatively large payment being to his account with an EMI. I'm not persuaded this would have likely resonated with Mr S though, as it likely wouldn't have covered the specific scam he was falling victim to. It might have covered investment scams in general, but Mr S didn't think he was investing, he thought he was paying money in connection with supposed employment.

Equally, I don't think a stronger intervention, such as a tailored written warning, based on payment purpose, would have likely been successful in preventing Mr S's losses. I say this because it isn't clear to me that Mr S would have been open about the real payment purpose. I say this for a number of reasons. At the time of the call with Lloyds Mr S had already told the scammers he believed this was a scam. According to the copy of the messages Mr S sent us, he told the scammers he thought this was a scam on 17 August 2023 after he had been asked to deposit another £9,764 in order to complete his work tasks. Against that background, already suspecting he might be the victim of a scam, Mr S wasn't forthcoming with Lloyds about the real reason he was making the transfers, saying that the main purpose was to send money to a friend, so it's difficult to conclude he would have been more open about the payment purpose if Lloyds had sent a written warning on 16 August 2023, asking about payment purpose and sending a tailored warning based on his response.

Recovery

Mr S appears to have contacted Lloyds about the scam on 23 February 2024, over six months after the scam took place, so I don't think there was any reasonable prospect of a recovery at that point. In any event, the payments had been made to another of his accounts and I understand that account provider was unsuccessful in recovering the funds.

Overall, for all the reasons given above, I'm not upholding Mr S's complaint.

My final decision

I don't uphold Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 21 February 2025.

Greg Barham
Ombudsman