

The complaint

Miss H is complaining about Lloyds Bank PLC because it declined to refund money she lost as a result of fraud.

What happened

Events appear to have begun when Miss H responded to a fake text about a parcel delivery. A few days later, on 26 October 2023, she was contacted by a scammer who had spoofed a legitimate phone number for Lloyds and claimed to be from its fraud department. The scammer told Miss H her accounts with Lloyds and other banks had been compromised and she was guided through a process of moving money from these accounts to a newly set up account with an Electronic Money Institution (EMI). She was then guided in moving her money from the EMI to a cryptocurrency account from where it was lost to the scam.

Miss H's complaint concerns the following three payments (all on 26 October 2023) from her Lloyds account to the EMI that were lost to the fraud:

No.	Time	Type	Amount £
1	17.55	Transfer	600
2	18.00	Transfer	600
3	18.12	Transfer	239

Between payments 2 and 3, Miss H tried to make additional payments of £300 and £239 using Apple Pay. One of these payments was declined by Apple Pay (not Lloyds) and Miss H's notes appear to show the other was declined as she didn't have sufficient funds.

Following payment 3, Miss H was also able to transfer £900 to her account with another bank. That payment isn't part of this complaint. She then tried to make a further transfer to the EMI that was blocked by Lloyds.

Miss H has made complaints about other businesses in connection with this scam and I've considered those in separate decisions.

Our investigator didn't recommend the complaint be upheld. Based on what it knew at the time, she didn't think Lloyds was required to intervene before it did to question or block the payments Miss H was trying to make.

Miss H didn't accept the investigator's assessment and (in summary) made the following key points:

- Lloyds should have considered the wider circumstances of the payments, including that she emptied her savings accounts to fund them and made use of her overdraft facility to fund newly opened account with the EMI.
- If it had done so, it would have realised the payments represented unusual activity for her account. In particular, she says the payments from the account were typically low in value and there was no similar pattern of faster payments or repeated attempts to

make the same payment.

- One of the other banks from which she made payments to the scam identified there was a risk of fraud after only one payment to the EMI and Lloyds should also have identified the risk sooner.

The complaint has now been referred to me for review.

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 overall conclusions as the investigator, and for broadly the same reasons. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

In this case, there's no dispute that Miss H authorised the above payments. In making her complaint, Miss H has made a number of references to the Contingent Reimbursement Model (CRM) Code that provides for customers to be refunded in some (but not all) circumstances. But the code isn't relevant here as it only covers payments to third parties, not payments to other accounts in the customer's own name.

In broad terms, the starting position at law is that a bank such as Lloyds is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Lloyds also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Lloyds acted fairly and reasonably in its dealings with Miss H.

The payments

I must take into account that many similar payment instructions received by Lloyds will be entirely legitimate and it's not practical for a bank to question every payment a customer tries to make. Also, it wouldn't necessarily have known Miss H's EMI account had only been set up on that day. I've considered Miss H's comments on this point very carefully. But having considered what Lloyds did know, including past account activity, the overall volume and nature of all transactions on the day, the fact money was going to accounts in her own name

and the amounts involved, I'm not persuaded it ought to have been particularly concerned about the payments or that it was at fault for processing them in line with Miss H's instructions.

As events unfolded and more payments were instructed, a pattern more akin to fraudulent behaviour did begin to emerge and Lloyds acted to prevent a payment of £500 and no further money was transferred after this. On balance, I'm satisfied this was a reasonable place for the bank to intervene in the sequence of payments and that losses to the scam from this account were successfully stopped at that point.

I note Miss H's comments about the actions of one of the other banks she dealt with that stepped in to stop payments at an earlier stage and I'm glad that such swift action prevented even further losses to the scam. But the fact another bank appears to have intervened to stop payments sooner doesn't automatically mean that Lloyds should have done the same. As outlined above, taking account of all the circumstances, I'm satisfied it was entitled to process the payments it did.

I want to be clear that it's not my intention to suggest Miss H is to blame for what happened in any way. She fell victim to a sophisticated scam that was carefully designed to deceive and manipulate its victims. I can understand why she acted in the way she did. But my role is to consider the actions of Lloyds and, having done so, I'm not persuaded these were the cause of her losses.

Recovery of funds

I've also looked at whether Lloyds could or should have done more to try and recover Miss H's losses once it was aware that the payments were the result of fraud.

Miss H transferred funds to a legitimate account in her own name. From there, she purchased cryptocurrency and moved it onto the scammers. Lloyds could only have tried to recover money from Miss H's own account and it appears all the money had already been moved on and, if not, anything that was left would still have been available to her to access. So I don't think anything that Lloyds could have done differently would have led to these payments being successfully recovered.

In conclusion

I recognise Miss H has been the victim of a cruel scam and I'm sorry she lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I think Lloyds acted fairly and reasonably in its dealings with her and I won't be telling it to make any refund.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 14 April 2025.

James Biles
Ombudsman