

The complaint

Mr L complains that Lloyds bank PLC won't refund several payments he says he made and lost to a scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat it in detail here. But in summary and based on the submissions of both parties, I understand it to be as follows.

Mr L complains that from 16 October 2023 he made three payments from his Lloyds account to what he thought was a legitimate task-based job.

Mr L says he was contacted on a third-party messaging service and offered the opportunity to earn money completing tasks. When Mr L was asked to increase the amount he needed to deposit, he realised he'd been scammed. So, he raised a complaint with Lloyds.

Lloyds looked into the complaint but didn't uphold it. Lloyds didn't think it had done anything wrong by allowing the payments to be made. So, Mr L brought his complaint to our service.

Our investigator looked into the complaint but didn't uphold it. Our investigator found Lloyds did block a payment after Mr L had made two payments to the scammer, and they spoke to Mr L about the purpose of the payment. Our investigator didn't find Mr L was accurate with the answers he was giving the advisor, and there was evidence of him being coached to mislead the bank over a messaging service with the scammer.

Mr L didn't agree with the investigator's view. So, the complaint's been passed to me to decide.

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.

I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Lloyds would generally be expected to process payments a customer authorises it to make. And under The Payment Services Regulations and the terms and conditions of the account, Mr L is presumed liable for the loss in the first instance, in circumstances where he authorised the payment. That said, as a matter of good industry practice Lloyds should have taken proactive steps to identify and help prevent transactions – particularly sufficiently

unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there are many payments made by customers each day and it's not realistic or reasonable to expect a bank to stop and check every payment instruction. There's a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments.

Having considered the payments made by Mr L to the scammer, the first two payments did look out of character for Mr L's account. They were both of a high value, going to a known and identifiable cryptocurrency provider, and were sent from a newly opened account. Much like the investigator found though, I'm not convinced any earlier intervention would've prevented Mr L making these payments and losing money to the scam. I'll explain why.

Lloyds did intervene and speak to Mr L on later payments and it's clear from the information we have that Mr L wasn't providing accurate answers or being forthcoming with information. Mr L says on one of the calls that he's not been contacted or guided by anyone, and we know this was not accurate. I'm satisfied the line of questioning was proportionate to the payments and the associated risk identified, and Mr L was able to answer the questions asked and in doing so reassured the advisor he wasn't at risk of financial harm.

On the call, Mr L also doesn't mention he is being asked to pay towards a task-based job, but instead says he just buying cryptocurrency. The advisor asks how long Mr L has been investing in cryptocurrency and Mr L responds "just recently." But we know Mr L wasn't investing, he was sending money on for what he thought were payments to unlock tasks. Mr L was also asked if anyone had asked him to lie to the bank, and Mr L says no. I'll go into more detail about this below.

Although Mr L's representative has said Mr L didn't receive any "meaningful coaching", Mr L has shared a chat transcript with us between him and the scammer. Within this information it's clear Mr L is asking for advice from the scammer on how to answer Lloyds (and other banks) security questions, and the scammer is coaching him and telling him how to respond. So, when Mr L said no one had told him to lie, this simply wasn't accurate.

The last payment of £1,000 made on 30 October 2023 was not of a value that I think would've flagged on any of Lloyds automatic checking systems. So, I'm satisfied no intervention was required and there's no requirement for Lloyds to refund this money.

So, based on what I've said above, I'm satisfied that had Lloyds intervened earlier, whether it be by way of an automated warning or human intervention, I find it most likely Mr L would've been able to get through any proportionate line of questioning without alerting the bank that he might be at risk of financial harm.

Recovery

I'm satisfied that recovering any of these payments wasn't possible in the circumstances, as the card payments went to accounts in Mr L's name. As such, if any funds remained in these accounts, they would still be under Mr L's control. The merchant also provided the service Mr L requested, so it's unlikely any chargeback claim would've been successful.

The faster payment was sent to an individual. Mr L contacted Lloyds to raise a claim some months after the last payment was sent, and in these circumstances it's highly unlikely any funds would've remained. I say this as from what we know of scammers, they usually move the funds on within 24 hours of the scam taking place. Having said that, this was also a Peer-to-Peer transfer, and Mr L didn't pay the scammer directly.

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 L to accept or reject my decision before 19 April 2025.

Tom Wagstaff
Ombudsman