

The complaint

Mr B is unhappy Lloyds Bank PLC will not refund the money he lost as the result of a scam.

What happened

As both parties are aware of the details of the scam I will not repeat them in full here. In summary, Mr B fell victim to a job/task scam. He was contacted via WhatsApp and offered the opportunity to complete tasks (rating apps) to earn commission. He was told that to access the tasks he first needed to deposit cryptocurrency. He made the following payments by debit card to accounts the scammer directed him to set up at two different cryptocurrency platforms:

payment	date	value
1	08-Jul-24	£40.00
2	18-Jul-24	£81.41
3	22-Jul-24	£53.23
4	23-Jul-24	£638.69
5	23-Jul-24	£1,808.11

He then attempted a sixth payment of £4,400 later the day on 23 July 2024. Lloyds blocked this payment and after discussion with Mr B identified it was most likely a scam. It warned Mr B and he made no further payments. Mr B had received two credits totalling £82.44 on 10 July 2024 so the total loss he is seeking a refund for is £2,539.

Lloyds says Mr B authorised payments 4 and 5 via AppSign as genuine and Mr B did not do enough to check that this was not a scam before making the payments.

Our investigator did not uphold Mr B's complaint. They did not think Lloyds needed to intervene before it did.

Mr B disagreed and asked for an ombudsman's review. He said Lloyds was wrong to say he hadn't done enough to check the opportunity was legitimate – he had checked on LinkedIn and looked at the authenticity of the branding on the website. And payment 5 should have been picked up as suspicious as it was very large for his account.

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's no dispute that Mr B made and authorised the payments. I note Lloyds verified in-app that it was Mr B that had provided the instructions for payments 3 and 4. Mr B knew who he was paying, and the reason why. At the stage he was making these payments, he believed he was transferring funds to crypto accounts to allow him to access tasks as part of a job opportunity. I don't dispute Mr B was scammed and he wasn't making payments for the reason he thought he was, but I remain satisfied the transactions were authorised under the

Payment Services Regulations 2017.

It's also accepted that Lloyds has an obligation to follow Mr B's instructions. So in the first instance Mr B is presumed liable for his loss. But there are other factors that must be considered.

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what was good industry practice at the time, I consider it fair and reasonable that in July 2024 Lloyds should:

- have been monitoring accounts and any payments made or received to counter various risks, including 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 firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

To note, as the payments were made by debit card, and to accounts in Mr B's name, the principles of the Contingent Reimbursement Model (CRM) code do not apply in this case.

In this overall context, I do not think Lloyds can fairly be held liable for any of the payments. I'll explain why.

I think it was reasonable for Lloyds to process these transactions. I do not find they had sufficiently clear characteristics that ought to have led Lloyds to conclude Mr B was at risk of possible financial harm. I think its intervention at the time of payment six was appropriate.

By this point a pattern had emerged and the value of the transaction had increased significantly. Mr B argues payment 5 was high enough value such that it ought to have triggered an intervention. But a one-off *higher* value payment from an account is not uncommon and not necessarily indicative of possible harm. The payments were made to well-known, legitimate cryptocurrency exchanges. And while there are known fraud risks associated with cryptocurrency, many consumers use their services to legitimately invest via such platforms. There is a balance to be struck. Banks have obligations to be alert to fraud and scams and to act in their customers' best interests. But they can't reasonably be involved in every transaction, this would cause unsustainable disruption to legitimate payments activity.

I have then considered it Lloyds did what we would expect to try to recover Mr B's money once it identified the scam. As the payments were made by debit card the opportunity to recover the funds would be through the chargeback scheme. But I don't consider that any chargeback claims would have had any prospect of success. There would have been no valid chargeback right given there was no dispute that the cryptocurrency exchanges

provided the services they sold to Mr B. The funds appeared in his digital wallets, which he subsequently sent to the scammer. So I can't say there was any failing in this regard on Lloyds' part.

It follows I am not instructing Lloyds to refund any money to Mr B. I'm sorry Mr B has lost a considerable amount of money and I can understand why he would like to be compensated for his loss. I do accept Mr B has fallen victim to a sophisticated scam. But I can only consider whether the bank, which had no involvement in the scam itself, should be held responsible for what happened. For the reasons set out above I do not find Lloyds can be held liable in the circumstances of this case.

My final decision

I am not upholding Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 28 March 2025.

Rebecca Connelley
Ombudsman