

The complaint

Mr T complains that Lloyds Bank PLC won't refund the money he lost when he fell victim to a scam.

What happened

The background to the scam is well known to both parties, so I'll simply summarise what happened here.

Mr T wanted to buy some medicine for an elderly relative. It was no longer available in the United Kingdom, but was available elsewhere. Mr T tracked down a supplier of the medicine on an online marketplace based overseas, which he'd used before.

Mr T says the seller originally suggested using PayPal, but that didn't go smoothly, due to PayPal's checks, so the seller gave him the bank account details of someone in another country, who he said was an associate.

The first payment was for two months' supply of the medicine plus shipping costs. But after Mr T made the payment, the seller told him that the shipping company required a minimum order of four months' supply. So Mr T paid for another two months' supply.

The seller then emailed Mr T a copy of what appeared to be an official customs letter, which stated that an inspection had revealed that the contents of the package addressed to Mr T's relative were significantly different from what Mr T was expecting. Not only did it contain 12 month's supply of the medicine that Mr T had ordered, but it contained another medicine and some valuable electronic goods.

The seller claimed there must have been confusion between orders at the warehouse. He said that if Mr T paid for some of the additional boxes of the medicine and paid 45% of the value of the electronic equipment, he could keep it and sell it on, and he wouldn't be charged for the other medicine, which he hadn't ordered in any event.

Mr T reluctantly agreed to the seller's proposal, and made the further payments. But once he'd done so, he began to receive frequent demands for further money, allegedly to cover such things as taxes, storage and handling fees. The seller said those needed to be paid to his associate, for forwarding on to the relevant bodies. The seller said he'd refund more than £2,000 to cover most of those costs, and said the package would be delivered the next day.

The final payment that Mr T made was for a movement reference number, which he'd been told he'd need to provide to customs. But when he didn't receive the number after making the payment, Mr T realised that he'd fallen victim to a scam. He reported it to Lloyds, the police and Action Fraud.

Mr T has referred to having lost £3,198.50 in total. All but payment 17 were to a named individual. It isn't fully clear from the evidence provided whether payment 17, which was to a company, was part of the scam. Either way, it doesn't affect the outcome of the complaint.

	Date	Time	Amount
1	3 April 2024	20:58	£103.68
2	4 April 2024	00:09	£75.49
3	8 April 2024	06:47	£66.69
4	9 April 2024	09:56	£168.93
5	11 April 2024	10:36	£90.91
6	12 April 2024	12:44	£221.43
7	15 April 2024	10:28	£124.08
8	15 April 2024	23:54	£119.65
9	16 April 2024	12:04	£110.67
10	18 April 2024	17:48	£133.24
11	19 April 2024	08:39	£799.01
12	22 April 2024	19:44	£285.61
13	23 April 2024	19:12	£178.87
14	24 April 2024	13:03	£178.24
15	25 April 2024	04:27	£262.60
16	2 May 2024	02:08	£279.40
17	7 May 2024	17:47	£88.95
Total			£3,287.45

Lloyds wasn't willing to refund the payments, as it didn't consider them to have been out of character for Mr T. It's provided evidence that when Mr T made the first payment, it sent him a message, asking him to confirm that he wished to make the payment, as it was going to a new payee. And it did that again when Mr T made payment 17, which was to a different payee. On both occasions, Mr T confirmed that he wished to go ahead with the payment. Lloyds has commented that there were multiple red flags that it considers that Mr T should have picked up on, which it believes could have prevented his loss.

One of our investigators considered the complaint, but didn't think it should be upheld. In summary, she didn't think there was anything about the transactions which ought to have suggested to Lloyds that Mr T was at heightened risk of financial harm from fraud. And she was satisfied that Lloyds had made reasonable efforts to recover the money.

Mr T didn't agree with the investigator's view, so the complaint's been passed to me.

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'd like to say straight away that I was very sorry to hear that Mr T fell victim to a cruel scam. I have sympathy for him, and realise that the situation will have had a significant impact on him, not just financially, but because of the way the scammer took advantage of him in a stressful situation, when he was trying to help a relative.

I'm sorry to disappoint Mr T, but having thought carefully about the evidence provided and everything that both parties have said, I'm not upholding the complaint. I'll explain why.

In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations, regulators' rules, guidance, standards and codes of practice and, where appropriate, what I consider to have been good industry practice at the time.

The payments made to the scam weren't covered by the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code, which doesn't cover payments sent overseas. The payments were authorised. Mr T knew he was making them. So even though he didn't intend the money to end up with a fraudster, the payments were 'authorised' under the Payment Services Regulations. Lloyds had an obligation to follow the payment instructions it received, and Mr T is presumed liable for his loss in the first instance. But that's not the end of the story.

There are some situations where it might be appropriate for Lloyds to take additional steps or make additional checks before processing a payment, to help protect customers from the possibility of financial harm from fraud. Taking everything into account, I think that at the time the payments were made, Lloyds should have been doing the following to help protect its customers from the possibility of financial harm:

- monitoring accounts and payments to counter various risks, including fraud and scams;
- keeping 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) – especially given the increase in sophisticated fraud and scams in recent years, with which financial institutions are generally more familiar than the average customer;
- acting to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring that all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, regardless of the payment method used, taking additional steps, or making additional checks, before processing a payment, or, where appropriate, declining to make a payment altogether; and
- being mindful of -among other things – common scam scenarios, how fraudulent practices were evolving and the different risks these can present to consumers when deciding whether to intervene.

The starting point here is whether the instructions Mr T gave Lloyds were out of character or unusual enough that Lloyds could reasonably have been expected to carry out additional checks before it processed the payments. There are many thousands of payments made every day, and it wouldn't be possible or reasonable to expect a bank to check each one. There's a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments.

I've looked at Mr T's account statements for the twelve months before he started making payments to the scam. I can see that he mainly used the account for paying regular bills. There were, however, some one-off payments, including one for more than £300. Most of the payments Mr T made to the scam were for less than £200, the highest, by some way, being £799.01. Even the highest payment was only a small proportion of the balance Mr T held in his account. And foreign payments weren't something new for Mr T. He'd made a few of those in late 2023 and early 2024.

I acknowledge that the payments Mr T made to the scam were more frequent than he typically made from his account, but they were spread over nearly five weeks. Overall, given the size and pattern of the payments that Mr T made to the scam, I don't think they were so out of character that I can fairly say that Lloyds missed a clear opportunity to identify a potential scam risk. And I don't think it was unreasonable of it not to intervene further than it did before processing them.

International banks aren't bound by the same rules and regulations as banks within the UK. Lloyds contacted the receiving bank when it learned of what had happened, and it's told Mr T that if it receives any money back, it will credit it to his account. But Lloyds is reliant on the international bank choosing to return money. It can't require or force it to. And I don't think there's anything more that Lloyds could reasonably, or realistically, have done to recover the money.

I'm sorry about what Mr T has been through, and I don't underestimate the effect it's had on him. It seems that the scammer had no intention of providing the goods he'd paid for. But I'm only able to consider whether Lloyds can fairly be held responsible for his loss. I'm sorry to say that after carefully considering everything, I don't consider that it can.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 7 August 2025.

Juliet Collins
Ombudsman