

The complaint

Ms W complains that Lloyds Bank Plc won't refund the money she lost after falling victim to an impersonation scam.

Ms W is professionally represented, however, to keep things simple, I'll refer to Ms W throughout my decision.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In June 2023, Ms W received a call from a person claiming to be from a postal delivery service in the UK. They said they had been contacted from the police in a foreign country (which I'll refer to as 'C') – which we now know was a scam. Ms W was advised the Police had intercepted a parcel containing fraudulent documents, including some held in her name and they suspected she had sent the parcel. Ms W was asked to stay on the call as it would need to be redirected to the police officer in charge who was investigating the fraud case against Ms W in C. Ms W was then given a separate phone number for the police officer in charge, which she's said she checked online and found to be a positive match. The scam police officer (that I'll refer to as 'S') told Ms W there had been multiple victims involved in the case involving the fraudulent documents case, and proceedings would be started against her. S mentioned to Ms W that it was possible she had been framed, and this would be considered as part of the investigation.

S told Ms W she would need to check in regularly so they could make sure she wasn't trying to flee the country and she was presented with various fake paperwork including court documentation from S to show her bail was set for £60,000.

Between 26 June 2023 and 23 August 2023, under the instructions of S, Ms W sent a total of £139,000 from her Lloyds account to an international account which was in the control of S. Ms W was given various reasons for the payments such as fees for her release as well as a summary trial.

She realised she had been a victim of a scam when S sent her further documents which didn't seem genuine. When she questioned S about this, S continued to ask for more money. It was at this point she contacted her dad and explained the situation and realised she had been a victim of a scam and was told to report the matter to Lloyds.

Lloyds didn't uphold Ms W's complaint, so the complaint was raised to our service. The Investigator didn't uphold Ms W's complaint. In short, he said:

- Lloyds recognised the first payment Ms W made for £24,500 on 26 June 2023, carried a heightened risk of financial harm from fraud and intervened by cancelling the payment and asking her to contact them. Lloyds asked probing questions about the purpose of the payment during the call and the information Ms W provided didn't

give them any further cause for concern. As a result, the beneficiary was marked as trusted and Ms W was free to make the payment again.

Lloyds could have intervened on further payments Ms W made. However, he didn't feel this would have made a difference, due to the misleading information she had provided Lloyds, albeit under the guidance of S, during the call she had about the first payment.

- He felt there were multiple red flags which Ms W ignored throughout the scam, which could have helped her uncover the scam sooner.
- Lloyds had attempted to recover the funds when the scam was reported. However, no funds had been recovered.

Ms W didn't agree and asked for her complaint to be referred to a decision. Therefore, the matter has 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 sorry Ms W has been the victim of a scam, and I don't underestimate the impact this has had on her. I therefore want to reassure Ms W that I've given this matter very careful consideration. But while I accept Ms W has lost a significant amount of money due to being deceived by S, I must consider whether Lloyds are responsible for the loss she has suffered. I know this won't be the outcome Ms W is hoping for, but for similar reasons to those given by our Investigator, I don't think it is. So, I don't think Lloyds has acted unfairly by not refunding the payments. I'll explain why.

Before I do, I'd like to say at the outset that if there is a submission I've not addressed; it isn't because I've ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether Lloyds are responsible for Ms W's loss.

In broad terms, the starting position in law is that a bank is expected to process payments that their customer authorises them to make. Here, it isn't disputed that Ms W knowingly made the payments – albeit under the guidance of S - and so, I'm satisfied she authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of the account, Lloyds are expected to process Ms W's payments, and she is presumed liable for the loss in the first instance.

However, taking into account the law, regulator's 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 make 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.

My normal starting point when thinking about a scam complaint is whether the business should have intervened on any of the payments before processing them. But here, Lloyds did intervene on the first payment Ms W made for £24,500 on 26 June 2023 and blocked the payment and asked her to call them to verify the transaction. So, I need to decide whether I think the intervention Lloyds undertook was sufficient in the circumstances of the payment, and if it wasn't, what I think it should've done instead. Having listened to the call between Ms W and Lloyds, I'm satisfied that:

- Ms W said the payee is her uncle and she got the details from him directly, which she confirmed with him and the details are correct.
- Ms W said the payment was because she was going back home (C) – and she's sending the money to her uncles' account, so she can get it from him when she goes back.
- Lloyds warned Ms W once she transferred the money, it wouldn't be able to get it back if it turned out to be a scam.
- When asked by Lloyds, Ms W confirmed she was making the payment herself and nobody has contacted her or asked her to lie to the bank or pressurised her into making the payment.
- Lloyds confirmed the payment has been cancelled, but based on the information provided by Ms W, it would reinstate Ms W's online banking and mark the payee as genuine, so she can make the payment again.

Lloyds confirmed no further warnings or interventions were attempted when Ms W made the subsequent payments to S. However, even if Lloyds had intervened further about the nature of the payments Ms W was making, I'm not persuaded it would have likely revealed that she was falling victim to a scam or ultimately prevented her loss. I'll explain why.

- Ms W has said she was being guided by S on how to respond to Lloyds when her online banking was frozen and she was asked to call to discuss the £24,500 payment.
- Ms W has confirmed that she thought she was talking to the genuine Police and was being coached by S to provide specific answers to circumvent any checks carried out by Lloyds to make sure the payments went through. So, even if Lloyds had blocked any additional payments and asked any further questions, it's likely Ms W would have asked S for guidance on how to respond and followed their instructions as she already had.
- Ms W also misled her friends and colleagues to obtain funds to make the payments to S due to the high-pressure situation she found herself in.

Based on all the information I've mentioned above, I'm not persuaded any further questioning, or scam warnings Lloyds could have provided Ms W, would have likely revealed the scam. Sadly, I consider Ms W was heavily under the influence of S and to the point whereby she was following their instructions implicitly. This prevented Lloyds from knowing the true reasons for the payments which, in turn, prevented them from uncovering the scam and providing appropriate scam warnings relevant to her situation. I've also considered that Ms W sounded calm in her telephone conversation with Lloyds and spoke both clearly and confidently regarding the £24,500 payment she was making. Because of this, and the answers Ms W provided, Lloyds were understandably reassured that Ms W wasn't at risk of financial harm from fraud – instead, she was making them for legitimate purposes. As a result, I don't think any referral to branch for further questioning was required or that it

would've uncovered the scam. Nor do I consider it would've been appropriate for Banking Protocol to have been invoked in these circumstances. It follows that I don't consider it would be fair and reasonable to hold Lloyds liable for Ms W's loss.

I've also considered the steps Lloyds took when Ms W reported she'd been the victim of a scam. Lloyds did contact the beneficiary bank, but unfortunately, no funds have been returned. Based on the information I've been provided I don't think there were any failings from Lloyds which impacted their ability to recover Ms W's funds. Also, international payments are much more unlikely to be recoverable as a common feature of scams such as this is that funds are promptly moved on by the scammers.

I appreciate this will come as a disappointment to Ms W, and I'm sorry to hear she has been the victim of a cruel scam. However, in the circumstances, I do not consider it would be fair and reasonable to hold Lloyds liable for her loss.

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 Ms W to accept or reject my decision before 16 October 2025.

Israr Ahmed
Ombudsman