

The complaint

Mr M has complained Lloyds Bank plc won't refund £5,705 he lost as the result of a trading scam.

What happened

After seeing an online social media advert in 2021 about investing along with associated testimonials, Mr M clicked to register his interest. He received a call from someone who he believed seemed very knowledgeable. Mr M also provided his ID and went through what he believed were genuine know your customer checks.

Mr M was set up with a trading account and made investments using his debit cards with Lloyds and another bank (who I'll call S). Mr M was able to see the trades he was making, and the growth in profit. He received £2,734.80 from this trading platform into his account with Lloyds in May 2021 when he asked to benefit from his profits.

Mr M realised he was the victim of a scam when his requests to withdraw fully were not fulfilled.

In 2024 with the assistance of professional representatives, Mr M contacted Lloyds and asked for his money to be refunded as they'd failed in their duty of care to him.

Lloyds wouldn't refund him. They were unsure why it had taken Mr M so long to realise he was the victim of a scam. Because of the passage of time they didn't believe they had any evidence to show Mr M's payment journey but noted that the criteria against which scam payments were assessed was different then to now.

Mr M brought his complaint to the ombudsman service.

Our investigator felt Lloyds couldn't have been expected to identify any of the payments Mr M made as high risk to merit any intervention. He wouldn't be asking Lloyds to do anything further.

Still unhappy, Mr M has asked an ombudsman to consider his complaint.

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 outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

I don't dispute Mr M was scammed. He has my sympathy about what he has gone through.

There's no dispute that Mr M made and authorised the four debit card payments which total £8,440. I'm satisfied the transactions were therefore authorised under the Payment Services Regulations 2017

It's generally accepted that Lloyds has an obligation to follow Mr M's instructions. So in the first instance Mr M is presumed liable for his loss. But that's not the end of the story.

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider to have been good industry practice in 2021, I consider that Lloyds should:

- have been monitoring accounts and payments made or received to counter various risks, including fraud and scams, money laundering, and the financing of terrorism.
- 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 (amongst other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which financial institutions are generally more familiar with than the average customer.
- in some circumstances, irrespective of the payment channel used, have taken additional steps or made additional checks before processing a payment, or in some cases declined to make a payment altogether, to help protect its customers from the possibility of financial harm.

Lloyds admit that because of the time that has passed since these payments were made more than four years ago, their evidence is limited but accept it's unlikely that they identified these transactions as high-risk at the time.

Therefore, it's unlikely that Lloyds intervened or asked Mr M what he was doing. However, based on the appropriate criteria against which scam cases were judged at the time, I'm satisfied that I wouldn't have expected Lloyds to identify Mr M to be at risk.

I say this because:

- all these payments were authenticated and made using Mr M's debit card. Mr M had no history – from the limited data I've viewed – of using his card for larger-value transactions like the first transaction for £4,340 on 23 February 2021. However, at this time financial institutions would be checking card payments predominantly for authorisation, rather than potential scams. I wouldn't have expected Lloyds to have been alerted by this transaction despite its value.
- The four payments were spread out over two months. There's no sense of urgency or that Mr M is being pressured into making payments. And it's worth noting these four transactions follow on from eight other payments Mr M made from his account with S. At all times, he would have been able to undertake his own checks to see whether the trading platform he was using was genuine. I've seen nothing to indicate Mr M undertook any checks at all when trading from either of his accounts.
- Lloyds would have been able to identify the merchant category of the transactions that Mr M was making but at this time, I wouldn't have thought this would be seen as high risk.

Overall, I'm not convinced I'd have expected Lloyds to intervene or that they should now refund Mr M.

My final decision

For the reasons given, my final decision is not to uphold Mr M's complaint against Lloyds Bank plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 27 August 2025.

Sandra Quinn
Ombudsman