

The complaint

Mr G complains that Lloyds Bank PLC won't refund payments he made as part of a scam.

What happened

Mr G was the victim of a romance-led investment scam, involving the following payments from his Lloyds' account.

Payment number	Date	Description	Amount
1	28 September 2023	Card Payment to Banxa	£200.00
2	2 October 2023	Card Payment to Moonpay	£2,800.00
3	9 October 2023	Card Payment to Mercuryo	£5,200.00
4	14 October 2023	Card Payment to Mercuryo	£750.00
5	17 October 2023	Card Payment to Moonpay	£4,000.00

In summary, Mr G was contacted by someone on WhatsApp, that I'll refer to as A, who purported to have got the wrong number. They began to talk more regularly – seemingly over online messaging and calls, and A soon became a romantic interest for Mr G.

A regularly spoke about trading and encouraged Mr G to invest, via a platform that I'll refer to as 'B', which was a dupe of a genuine platform. He agreed to this, and under her instructions, transferred money from his Lloyds' account to legitimate cryptocurrency platforms. From there, the money was exchanged and sent to a wallet address that would supposedly deposit funds on B's platform to trade. In reality, Mr G's funds ended up in fraudsters' hands.

Lloyds intervened with the second payment Mr G made and required him to speak with its fraud team. In summary:

- They said they were concerned about recent payments and wanted to confirm these were him. The agent asked Mr G to tell him about the payment – who was it to and for how much? Mr G responded it was to Banxa, a trading platform, and it's for £2,800.00.
- The agent asked whether anyone contacted him asking him to make the payment for any reason, or whether it's of his own accord. Mr G said no, it's for himself. The agent explained they'd recently had a lot of customers who said they'd been asked to make the payment and they just wanted to make sure it's himself to prevent scams.
- Mr G then referenced how he'd made a smaller payment before. The agent notes that and goes on to confirm his other day-to-day transactions with him.
- After being placed on hold, the agent confirmed the block has been removed and that Mr G can now make the payment.

In the early days of the scam, Mr G was shown how he could withdraw his profits from B to his cryptocurrency wallet. However, when he later tried to do this again, he was told he'd need to deposit further cryptocurrency for 'verification' which he'd get back with his withdrawal. It appears he didn't agree to this.

Instead, Mr G explained how he began to feel wary and spoke to a friend about the matter. They suggested he'd been the victim of the scam, which Mr G confirmed when he contacted the genuine B who said he didn't have an account with them.

Mr G disputed the payments he made with Lloyds. It declined to refund him and didn't uphold his subsequent complaint. In summary, it said he authorised the payments and when someone spoke with him, he said he was making them of his own accord.

Still unhappy, Mr G brought his complaint to us to investigate. I issued my provisional findings upholding the complaint in part. Mr G accepted what I said, and I've not received a response from Lloyds by the deadline given.

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.

Given that neither side has added anything to dispute my provisional findings, I see no reason to change my mind. For completeness, I've explained my reasons again below.

The starting position

- The starting position in law is that Mr G is responsible for the payments he makes. And Lloyds has a duty to make the payments he tells it to.
- But, as supported by the terms of the account, that doesn't preclude Lloyds from making fraud checks before making a payment. And, taking into account regulatory expectations and good industry practice, I'm satisfied that it should fairly and reasonably have done this in some circumstances.

Should Lloyds have been concerned Mr G was at risk of fraud?

- I don't find the first payment for £200 looked particularly suspicious. So I don't think Lloyds ought to have stepped in.
- However, the second payment for £2,800.00 did trigger Lloyds' fraud detection system – and it intervened and required a call with him. Accordingly, it's just a question of whether Lloyds did what I'd reasonably expect it to given the risk of fraud it identified.

Was Lloyds' intervention proportionate to the risk of fraud?

- Having listened to the call, I'm not convinced Lloyds' intervention was good enough. I'll explain why:
 - Lloyds asked Mr G limited, predominately closed questions about the circumstances of the payment. Given the risk of scams, particularly those associated with cryptocurrency, I'd have expected its probing to have gone further to understand the circumstances of the payment. For example, how

long he'd been investing, what he was investing in, and how did he find out about this investment.

- Lloyds provided very little context about the scams it was concerned about – only mentioning vaguely that some of its customers are asked to make these payments. This meant Mr G didn't know the relevance of the questions he was being asked – and he couldn't see for himself whether his circumstances matched those of known scams.

Would a better intervention have stopped Mr G's further losses?

- Mr G's circumstances shared many hallmarks of common romance-led investment scams, that Lloyds would've been aware of. So, if it got to the bottom of the wider circumstances of this payment, I think it's likely Lloyds would have been concerned and put on notice that Mr G was falling victim to a scam. It could have gone on to warn him about romance scams and cryptocurrency scams with fake trading platforms.
- Lloyds suggest it couldn't do this, because Mr G misled it about the payment – it points out how the agent asked him whether anyone contacted him asking him to make the payment for any reason, or whether it's of his own accord. And Mr G said no, it was himself.
- I've considered the wider context of the question – the agent introduced the matter as checking whether he'd made the payment. I've also thought about Mr G's explanation for his response – he believed he was making a legitimate payment, and he wasn't pushed into it. So in that sense, he believed he was answering correctly.
- I've also noted from the conversations we've been given between A and Mr G that it doesn't seem he was coached on what to say to his bank if a payment was held up. So I don't think this formed part of a wider picture to conceal the matter from Lloyds.
- Taking this all into account, I'm not convinced Mr G set out to mislead Lloyds. Instead, I think it was the result of only asking him one question that gave him little context – indeed, it strikes me that it's a more pertinent question for unauthorised scams or safe account scams, as opposed to the investment scam Mr G was also at risk of here.
- It follows that I think it's likely that, had Lloyds carried out a better intervention – asking more open, probing questions with relevant context – it would've revealed how Mr G was being scammed.
- I've finally considered whether Lloyds' warnings would've cast enough doubt to stop Mr G going ahead. Reading A and Mr G's messages, the strength of feeling was clearly strong. But I don't think that blinded Mr G about the risks of losing his money from an investment scam. Afterall, it doesn't seem he made further payments when he became wary of B's supposed fees. And the scam was revealed when a friend suggested it sounded like he'd been the victim of one. So, given his receptiveness to these warnings, I think it's likely he would've been receptive to Lloyds' warnings at the time.
- In conclusion, if Lloyds had carried out further or better questioning as I'd have reasonably expected, it seems probable that Mr G would have become credulous about the scam in time and not made the payment of £2,800, and those that

followed. In those circumstances I'm satisfied it's fair to hold Lloyds responsible for his losses.

Should Mr G bear any responsibility for his losses?

- I've gone on to consider whether Mr G should share some blame for what happened. The starting position for this is considering whether his actions fell below what I'd expect of a reasonable person.
- I imagine lots of people who hear of Mr G's circumstances think it could never happen to them. But these sorts of scams are unfortunately very common, with victims being from all walks of life.
- That's owing to the incredibly sophisticated set-up of these scams. It's very unlikely A was a chancer, or a lone actor. But instead, she was likely a cog in one of the large criminal enterprises that run these scams, who know from vast amounts of experience who to target and how to manipulate their victims. Indeed, they are designed and honed to make usually rational people act irrationally.
- I've kept this in mind when thinking about Mr G's actions. And I've noted what likely made the scam convincing to him:
 - While it was a short period of time, he'd spoken with A intensely – seemingly over the phone too.
 - He was gently introduced to the idea of trading, and he wasn't explicitly pushed. Instead, he was made to feel as though someone was generously helping him out and he'd be stupid to turn the opportunity down.
 - The fraudsters duped a legitimate investment platform, so that Mr G wasn't alarmed by his own research. Instead, this gave him confidence about his decision.
 - A showed him how he could easily withdraw the profits he'd supposedly made. When Mr G couldn't do this again later in the scam, he became wary and stopped making further payments.
- Taking into account the scam's sophistication and how it appeared so convincing, I don't find that Mr G's actions fell below what I'd reasonably expect. So I've not reduced the award for contributory negligence.

My final decision

For the reasons I've explained, I uphold Mr G's complaint. Lloyds Bank PLC must:

- Pay Mr G the total of the payments 2, 3, 4 and 5, less any amount recovered or refunded.
- Pay 8% simple interest per year on this amount, from the date of the disputed payments to the date of settlement (less any tax lawfully deductible). Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 28 March 2025.

Ombudsman