DRN-5367657

The complaint and background

Mr A complains that Lloyds Bank PLC ("Lloyds") won't fully reimburse the money he lost to an investment scam. In total he paid over £27,000 to the scam.

Lloyds considered Mr A's complaint. It upheld it in part and said, in summary, it should have stopped a payment of £10,000 but that Mr A could have done more to protect himself and the returns were too good to be true. So it refunded Mr A 50% of this transaction and all the others after it, along with 8% simple interest per annum on this amount. This totalled around £10,000. Unhappy with this, Mr A brought the complaint to our Service.

Our investigator considered this complaint. He thought that Lloyds should have intervened sooner – at the point of a payment of around £7,000. But he didn't think it would have made a difference if it had. This was on the basis that Mr A hadn't been truthful with other payment providers about the reasons for his payments. And when one of those providers told him it thought he'd fallen victim to a scam, he continued to make payments. He also concluded that Mr A was being coached by the scammer. So, the investigator felt that if Lloyds had intervened, it wouldn't have stopped Mr A from proceeding with the payments.

Mr A, via his representative, asked for the matter to be referred to an ombudsman. He said that Lloyds, with questioning by trained experts, could have uncovered the scam; that it could have stopped the transactions to prevent the loss; and it could have asked Mr A to go into branch.

So the complaint 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.

Having taken into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, I agree Lloyds ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

Seemingly, Lloyds didn't find any of Mr A's payments suspicious at the time. From the evidence provided, it didn't pause any of the payments or make any enquiries about them. I agree with the investigator, and Mr A's representative, that Lloyds should have enquired about the payments – from the point of the £7,000 payment, which was the second payment made from Mr A's Lloyds account as part of this scam.
But, as our investigator concluded, I'm also not persuaded that this would have prevented Mr A's losses. I say this because Mr A had been subjected to social engineering and was being coached by the scammer. He'd been advised not to tell the bank about any third-party involvement. And, when other providers intervened, Mr A provided inaccurate responses to their questions to ensure payments were processed. I also note that when another provider limited Mr A's account and said it believed he was the victim of a scam, which was around

the same time as Mr A was making some of the payments from his Lloyds account, he still continued to make the payments from his Lloyds account.

So I’m persuaded that, had Lloyds appropriately intervened, Mr A would have continued to respond in such a way that would have avoided alerting Lloyds to what was really happening.

While Mr A has been the victim of a cruel scam, I can only uphold his complaint if I’m satisfied that Lloyds’ failings made a material difference to what happened. For the reasons given, I’m not persuaded they did – and so I won’t be asking Lloyds to take any further action.

My final decision

For the reasons given above, my final decision is that I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr A to accept or reject my decision before 30 June 2025.

Melanie Roberts
Ombudsman