

The complaint

Mr J is unhappy Lloyds Bank PLC will not refund the money he lost as the result of a scam.

Mr J brought his complaint through a representative. For ease of reading, I will refer solely to Mr J in this decision.

What happened

As both parties are aware of the details of the scam, I will not repeat them in full here. In summary, Mr J fell victim to a job/task scam. He was contacted by a recruiter via WhatsApp and offered the opportunity to earn commission by completing tasks (increasing the visibility of certain creators on social media by reposting). He was told that to start he need to buy certain software, then an upgraded software licence, and then pay for more training. He made the following payments by debit card to do this:

payment	date	time	value	merchant
1	22/07/2024	14.32	£1,040.00	WESTERN UNION
2	23/07/2024	10.06	£1,662.99	REMITLY
3	23/07/2024	10.10	£1,702.99	REMITLY
4	23/07/2024	10.23	£803.99	MONEYGRAM
5	23/07/2024	15.02	£1,592.99	REMITLY
6	24/07/2024	12.42	£1,900.99	REMITLY
7	24/07/2024	12.48	£1,702.99	REMITLY
8	24/07/2024	12.52	£1,874.99	REMITLY
9	24/07/2024	13.21	£1,184.99	REMITLY
10	25/07/2024	11.02	£1,007.99	REMITLY
11	25/07/2024	11.46	£1,219.99	MONEYGRAM

Mr J realised he had been scammed when the recruiter became less responsive and the website where the software was bought was suddenly taken down. Lloyds was made aware of the scam when Mr J's representative contacted it on 12 August 2024.

Payments 4 and 11 were credited back to Mr J's account on 29 July 2024 so no loss was caused by those payments.

Mr J says Lloyds did not do enough to protect his money. Lloyds said Mr J authorised all payments and it had no reason to intervene in any of them. They are not covered by the Contingent Reimbursement Model (CRM) code as they were made by debit card.

Our investigator upheld Mr J's complaint in part. She said Lloyds ought to have intervened at the time of payment 4 and it would have likely broken the spell of the scam had it done so. But she also felt Mr J could have done more to prevent his loss and so the liability for the losses from that point onwards should be shared between the parties.

Mr J accepted this assessment, but Lloyds did not. It said, in summary, the payment pattern is not consistent with normal scam behaviour as the values did not increase over the scam period; the transactions were made to genuine companies offering money transmission services; and Mr J had previously made multiple payments to one merchant on the same day, so the activity was not unusual for his account. It gave examples to support this point.

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.

There's no dispute that Mr J made and authorised the payments. The transactions were authorised using Strong Customer Authentication (SCA) via AppSign requiring Mr J to log into his banking app to approve the transactions. I don't dispute Mr J was scammed and he wasn't making payments for the reason he thought he was, but I remain satisfied the transactions were authorised under the Payment Services Regulations 2017.

It's also accepted that Lloyds has an obligation to follow Mr J's instructions. So, in the first instance Mr J is presumed liable for his loss. But there are other factors that must be considered.

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what was good industry practice at the time, I consider it fair and reasonable that by July 2024 Lloyds should:

- have been monitoring accounts and any payments made or received to counter various risks, including 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 firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

As Lloyds said, as the payments were made by debit card the principles of the CRM code do not apply in this case.

In this overall context, I think Lloyds can fairly be held liable in part for payments 5 to 10 (I am not including 4 and 11 as they were returned to Mr J's account already so he suffered no loss there). I'll explain why.

By payment 4 Mr J had made payments to three different money transfer services in less than 24 hours. This was out of character for his account – he did not typically use such firms and he had suddenly spent over £5,000 through them. Payments 2 to 4 were made in rapid succession (less than 17 minutes apart). And they were all higher than the average transaction value on Mr J's account. Whilst a one-off higher value payment is not uncommon and need not be seen as indicative of possible financial harm, these were clearly not one-

offs by payment 4. These three money transfer services were all new payees. Lloyds argued that Mr J often made multiple payment to one merchant on the same day but the ones it listed were very different to the scenario here. One set were frequent very low value payments to a merchant that can be seen regularly through Mr J's account history; one set were to another financial services business and again could be found at least each month in Mr J's account history; and the third seems to be an annual insurance renewal. I am not persuaded their existence makes these scam payments appear normal for the account. I think they were out of character and so by payment 4 Lloyds ought to have intervened.

Had it asked Mr J a series of questions to establish the basic context of the payments I think Lloyds would have been able to identify the hallmarks of a job/task scam (an unsolicited introduction, contact via WhatsApp, no job contract, payments rates that were too good to be true, the need to pay money upfront before starting the job) and so warn Mr J. It's most likely Mr J would have responded honestly to Lloyds' questions as he said to the scammer more than once than he would not lie to his bank. I think the spell of the scam would then have been broken preventing payments 4 to 11.

I've then considered carefully whether Mr J should hold some responsibility for his loss by way of contributory negligence. Accepting that he is not the fraud expert - that is the role of Lloyds, I do think he missed some clear signs that the opportunity might not be legitimate. Being contacted unexpectedly via a messaging platform is known to carry risk. Having to pay money upfront to do a paid job is unusual and should have raised Mr J's suspicions, particularly as Mr J had no contractual terms of employment to review and accept, nor was there any documentation setting out how he would be reimbursed for the upfront payments. And Mr J has not been able to evidence that he carried out an adequate level of independent checks before going ahead. It follows I think the parties are equally liable.

I have considered what Mr J told us about his addiction (which was not active at the time), mental health and learning disabilities. I have no doubt these vulnerabilities had some impact on his decision making. But Lloyds has evidenced that it was only made aware of them when he reported the scam, so it could not have been expected to do anything differently at the time of the scam. I can see that it then added support markers to his account.

I am therefore instructing Lloyds to refund 50% of Mr J's losses from payments 5 to 10.

I have then considered if Lloyds did what we would expect to try to recover Mr J's money once it identified the scam. As the payments were made by debit card the opportunity to recover the funds would be through the chargeback scheme. But I don't consider that any chargeback claims would have had any prospect of success. There would have been no valid chargeback right given there was no dispute that the money transfer services provided the service they 'sold' to Mr J. So, I can't say there was any failing in this regard on Lloyds' part.

Putting things right

Lloyds should:

- Refund the money Mr J lost to the scam from payments 5 to 10, less a deduction of 50% for contributory negligence.
- Pay 8% simple interest per year on this amount. This should be calculated from the date of loss until the date of settlement, minus any applicable tax. It should provide Mr J with a tax

deduction certificate if he requires one.

I have found no grounds to award the additional £300 compensation Mr J requested.

My final decision

I am upholding Mr J's complaint in part. Lloyds Bank PLC must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 26 September 2025.

Rebecca Connelley
Ombudsman