

## The complaint

Mrs O complains that Lloyds Bank PLC (Lloyds) won't refund the money she says was lost as the result of a scam.

## What happened

The details of this complaint are well known to both parties, so I won't set them out in full here.

In summary, in late October 2024, Mrs O received a call while she was on holiday. The caller said they worked for Lloyds and that her account had been compromised. Mrs O was told she needed to take certain steps to secure her account. As part of these steps Mrs O took out an overdraft with Lloyds for £2,000 and then increased her overdraft limit to £3,000. She moved this money from Lloyds to an account she held with an Electronic Money Institution (EMI).

Mrs O was then told by the scammers that she needed to move her money again in a series of transactions and that it would be returned to her after midnight the following day. However, once all the funds had been moved out of her EMI account Mrs O realised she had been scammed and contacted both the EMI and Lloyds.

date	transaction	payee	amount
27 October 2024	Faster Payment	Mrs O	£650
27 October 2024	Faster Payment	Mrs O	£475
27 October 2024	Faster Payment	Mrs O	£750
27 October 2024	Faster Payment	Mrs O	£650
27 October 2024	Faster Payment	Mrs O	£600
27 October 2024	Faster Payment	Mrs O	£500
27 October 2024	Faster Payment	Mrs O	£250
27 October 2024	Faster Payment	Mrs O	£240
31 October 2024	credit	EMI	£1,045.19 +

Lloyds said it wasn't willing to refund Mrs O for any of the payments she made to her EMI account in connection with this scam.

(Mrs O has also complained to the EMI in connection with this scam. I've considered that

complaint separately.)

Our investigator said she didn't think that Mrs O's complaint about Lloyds should be upheld. Based on what it knew at the time, she said she didn't think Lloyds was required to intervene before it did to question or block the payments Mrs O was making.

Mrs O didn't accept our investigator's view. She said she felt she was not at fault and had been the victim of a scam. The complaint has been passed to me to determine.

### **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 have reached the same view as our investigator and for much the same reasons. I'll explain why.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time. In this case, there's no dispute that Mrs O authorised the payments I set out above.

In broad terms, the starting position at law is that a bank such as Lloyds is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, 'authorised' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Lloyds also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm. Taking these things into account, I need to decide whether Lloyds acted fairly and reasonably in its dealings with Mrs O.

### **The payments**

I am mindful that many similar payment instructions received by Lloyds will be entirely legitimate and it's not practical for a bank to question every payment a customer tries to make.

I've considered very carefully the circumstances of this complaint. But having considered what Lloyds knew about the way Mrs O had previously used her account, the fact money was going to an account in her own name and that Mrs O had previously made several payments on the same day to her EMI account, I'm not persuaded it ought to have been particularly concerned about the payments, or that it was at fault for processing them in line with Mrs O's instructions.

In particular, I am mindful that on 30 August 2024 she made three transfers to her EMI

account all of which were apparently legitimate and a further transfer to another account on the same day, also held in her name. So, Lloyds was building a picture that Mrs O's custom and practice was to make multiple payments to accounts held in her name on the same day.

In view of this, I think it would have been difficult for Lloyds to have spotted that Mrs O was being encouraged to make the transfers by a scammer when she had previously made multiple legitimate payments on the same day to her EMI account.

I am also mindful that Lloyds prevented Mrs O losing more money to this scam when it declined her second request to increase her overdraft limit. The initial overdraft of £2,000 was agreed automatically as was the increase to £3,000 but the request Mrs O made to increase the limit further was declined.

As events unfolded and more payments were instructed, a pattern more akin to fraudulent behaviour did begin to emerge. Lloyds has explained that the first six payments Mrs O made to her EMI account on 27 October were via Open Banking and Mrs O did not receive a fraud warning in relation to these payments. For the seventh payment for £250 Mrs O set up her EMI account as a new payee, rather than making the payment using Open Banking and Lloyds provided the following tailored warning:

*[Mrs O], we'll never call to tell you to move your money to another account, if you get a call like this, it's a scam. Fraudsters can even copy our telephone number. Don't believe them, hang up the phone. Find out how to stay safe from scams on our Fraud Hub.*

The eighth payment for £240 was also made by bank transfer, but no warning was given as it was to the same payee.

Having very carefully considered this, on balance, I don't think that even if Lloyds had provided a tailored warning sooner than it did that Mrs O would have heeded the warning. I say this because Mrs O chose to proceed with the seventh transfer after receiving the warning that described the scam she was falling victim to, but she chose to proceed with the payment and then made a further payment.

As outlined above, taking account of all the circumstances, I'm satisfied Lloyds was entitled to process the payments it did. I want to be clear that it's not my intention to suggest Mrs O is to blame for what happened in any way. She fell victim to a sophisticated scam that was carefully designed to deceive and manipulate its victims.

But my role is to consider the actions of Lloyds and, having done so, I'm not persuaded that it is responsible for the losses.

### Recovery of funds

I've also looked at whether Lloyds could or should have done more to try and recover Mrs O's losses once it was aware that the payments were the result of fraud. Mrs O transferred funds to a legitimate account in her own name. From there, she moved her money again in a series of transactions.

Lloyds could only have tried to recover money from Mrs O's own account so I don't think it could have done anything differently that would have led to these payments being successfully recovered.

In conclusion I recognise Mrs O has been the victim of a cruel scam and I'm sorry she lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I think Lloyds acted fairly and reasonably in its dealings with

her and I won't be telling it to make any refund.

### **My final decision**

My decision is that, for the reasons I have set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 24 June 2025.

Suzannah Stuart  
**Ombudsman**