

The complaint

Mrs W, who brings her complaint with the assistance of a professional representative, complains that Lloyds Bank PLC didn't reimburse funds she lost to fraud.

What happened

As the circumstances of this complaint are well-known to both parties, I have summarised them briefly below.

Mrs W was introduced to a person, who I will refer to as 'Mr A', through a friend of a friend. They spoke online for several months and built up a friendship with each other.

During their discussions online over a considerable period, Mr A would ask Mrs W for financial assistance with several bills. These included hospital fees for an accident he'd suffered, court costs for a drugs importation conspiracy against him and accommodation costs.

Believing she was legitimately assisting Mr A, between May 2021 and May 2022, Mrs W made 16 card payments from her Lloyds account to a money remittance service. Those payments were then forwarded on to accounts Mr A had instructed payment to.

After sending the final payment, Mr A ceased all contact with Mrs W and she later discovered via a social media platform that Mr A had targeted other individuals in a similar manner. Realising she'd been defrauded, Mrs W reported the matter to Lloyds.

Lloyds considered Mrs W's complaint but concluded that it wasn't liable to reimburse her loss. Unhappy with that response, Mrs W's representative referred the complaint to our service for an independent review.

An Investigator considered the complaint but didn't recommend it be upheld. They found that the payments made weren't sufficiently out of character to warrant an intervention by Lloyds, so it was fair in releasing the payments without challenge.

Mrs W's representative disagreed with that view as it felt Lloyds ought to have intervened. As Mrs W, via her representative, disagreed with the assessment, the matter has now 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.

Considerations

Mrs W's representative has, in their submissions to both Lloyds and this service, referred to the Contingent Reimbursement Model Code (the CRM Code). This was a voluntary fraud reimbursement scheme that Lloyds was signed up to at the time the transactions subject to this dispute were made. And this provided victims of fraud better protection from loss of

funds.

However, the CRM Code only covers certain types of payments. Card payments aren't within its scope. And as the payments subject to this dispute were all card payments, they cannot be considered under the principles of the CRM Code.

However, in deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

There is no dispute here that Mrs W authorised the transactions in question. And the starting position in law is that she will be held liable for transactions she authorised in the first instance. That is due to Lloyds' primary obligation to process payments in line with its customer's instructions, as set out in the Payment Services Regulations 2017.

However, taking into account the relevant regulations and guidance, Lloyds ought reasonably to have been on the lookout for any transactions that would indicate Mrs W was at risk of financial harm. And where it identifies a risk, it would reasonably be expected to intervene and provide warnings proportionate to the risk identified.

Should Lloyds have intervened in the payments?

Having considered the evidence carefully in this complaint I'm not persuaded that Lloyds should have intervened here.

While my intention isn't to diminish the significant loss Mrs W has suffered here, I don't find that the payments were out of character when compared to her usual account activity. Nor do I find that the payments bore sufficient characteristics associated with fraud, to the extent that Lloyds ought to have paused the payment for further checks.

Lloyds processes a large number of payments at any given time. So it has a difficult balance to strike in identifying suspicious payments against its primary obligation to process payments its customer has instructed it to carry out without delay.

Considering Mrs W's previous account history, her account was regularly used for card payments. So the method in which she paid the fraudster didn't fall outside of the account's typical usage. Further, the pattern in which Mrs W sent the payments didn't mirror the typical characteristics one would see in most instances of fraud. They were spread out over the period of a year and did not deplete the account balance. So there didn't appear to be an urgency in the payments being made; something that can be indicative of fraud.

Mrs W's representative has argued that increasing amounts over short periods of time were indicative of fraud. It has also pointed out that the amounts paid were outside the normal values Mrs W made from her account.

I agree that when looking at Mrs W's typical average payment, they only tended to be for smaller sums, with occasional payments being over one hundred pounds. But it does not automatically follow that any payment for a higher sum ought to be treated as a fraud risk. The value of the payments should be considered along with the pattern they were made along with a number of other indicators that may show risk of harm. To expect a bank to stop any payment that is not strictly within the parameters of its typical usage would be unreasonable. Banks process millions of transactions daily, and it isn't untypical for the average customer to make higher value payments for higher value goods or services on occasion.

Further, all card payments made by Mrs W were to the same merchant, which is a legitimate merchant. As she continued to make payments to that merchant throughout the year, it became a known and trusted payee on Mrs W's account. So payments to it would likely have been less concerning over time.

While I do appreciate that the sums of money were significant in value to Mrs W, I'm not persuaded that there was sufficient risk indicators present here to warrant an intervention from Lloyds. I find it acted reasonably in processing the payments subject to this dispute in the way that it did. And so it follows that I can't fairly direct Lloyds to hold any liability for Mrs W's losses.

My final decision

For the reasons I have given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 19 November 2025.

Stephen Westlake
Ombudsman