DRN-5440836

Financial Ombudsman Service

THE COMPLAINT

Mr A holds/held an account with Lloyds Bank PLC ("Lloyds").

Mr A's complaint is about Lloyds's refusal to reimburse him money he says he lost due to a scam.

WHAT HAPPENED

The circumstances of this complaint are well known to all parties concerned, so I will not repeat them again here in detail. However, I will provide an overview.

Mr A says he has fallen victim to a cryptocurrency related investment scam. He says a fraudster deceived him into making payments to what he thought was a legitimate investment.

I do not intend on setting out a detailed list of all the payments in question. I say this given the volume and the fact that neither party in this matter has disputed the list of transactions the investigator at first instance set out in their assessment. Instead, I will provide a summary. The transactions concerned appear to be:

- Approximately 60 in total.
- Made between November/December 2023 to around June 2024 (or November 2024 – the final payment towards the scam is not entirely clear).
- Payment transfers (including a handful of international transfers) – save for one which appears to be a card payment.
- Made from two of Mr A's Lloyds accounts (current and savings).
- Made to various accounts in Mr A's name – save for a handful made directly to the fraudster (the international transfers).
- Ranging from approximately £50 to £10,000.

(In addition to Mr A's Lloyds account, he also funded the scam from various other accounts in his name.)

Mr A disputed the above with Lloyds. When Lloyds refused to reimburse Mr A, he raised a complaint, which he also referred to our Service.

One of our investigators considered the complaint – on two occasions – and did not uphold it. In summary, the investigator thought that Lloyds had done enough in the interventions it carried out in Mr A's payments. They also thought had Lloyds carried out further interventions, this would not have likely made a difference in the circumstances. Mr A rejected the investigator's findings.

As Mr A did not accept the investigator's assessment, this matter has been passed to me to make a decision.

WHAT I HAVE 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 find that the investigator at first instance was right to reach the conclusion they did. This is for reasons I set out in this decision.

I would like to say at the outset that I have summarised this complaint in far less detail than the parties involved. I want to stress that no discourtesy is intended by this. If there is a submission I have not addressed, it is not because I have ignored the point. It is simply because my findings focus on what I consider to be the central issues in this complaint.

Further, under section 225 of the Financial Services and Markets Act 2000, I am required to resolve complaints quickly and with minimum formality.

Regulatory framework

The regulations which apply in this matter are the Payment Services Regulations 2017 ("the PSRs").

Contingent Reimbursement Model (CRM) and APP scam reimbursement rules

It appears that the funds concerned from Mr A's Lloyds account went to other accounts in his name before they were forwarded to the fraudster. The payments that went directly to the fraudster were to international accounts. For these reasons, the CRM code does not apply in this matter. For the sake of completeness, Mr A's payments would not be covered under the APP scam reimbursement rules either.

Should Lloyds have recognised that Mr A was at risk of financial harm from fraud?

It is not in dispute that Mr A authorised the payment transactions in this matter. Generally, consumers are liable for payment transactions they have authorised. However, that is not the end of the story. This is because even if a payment is authorised, there are regulatory requirements and good industry practice which suggest banks – such as Lloyds – should be on the look-out for unusual and out of character transactions to protect their customers from financial harm. And, if such payment transactions do arise, firms should intervene before processing them. That said, firms need to strike a balance between intervening in a customer's payment to protect them from financial harm, against the risk of unnecessarily inconveniencing or delaying a customer's legitimate transactions.

I have borne the above in mind when considering the payment transactions in this matter.

Lloyds intervened in some of Mr A's payments to try to protect him from financial harm. I intend on dealing with these interventions first. I will then address the payments Lloyds did not intervene in later in this decision under the heading: *Should Lloyds have exercised further interventions in relation to Mr A's other payments?*

What interventions did Lloyds carry out?

Lloyds intervened in three of Mr A's attempted payments. These interventions resulted in Lloyds and Mr A speaking over the telephone on the below dates:

- 23 January 2024
- 1 February 2024
- 23 May 2024

<u>Were Lloyds interventions proportionate?</u>

£3,000 to Mr A's Wise account (23 January 2024 call)

Although Mr A did not go ahead with this payment, the Lloyds adviser during the call questioned Mr A about its purpose. Mr A responded stating, "*I am an entrepreneur* [sic] *to make a payment to my business*." Given Mr A's payment purpose, the adviser provided him with a safe account scam warning.

£7,500 to Mr A's Chase account (1 February 2024 call)

The adviser, amongst other things, asked Mr A what type of account he was sending his money to, which he confirmed was a savings account. Mr A said, "*They* [Chase] *pay good daily rates*."

The adviser informed Mr A that Lloyds customers are contacted all the time by scammers and asked to move money to accounts like Chase. The adviser also asked, "*And nobody's advised you that, erm, kinda like to tell the bank something completely different to what is actually happening, so you're not lying to ourselves to try and get this payment through at all*?" Mr A responded, "*Jesus* <laughs> *oh my God no, no* [sic] *I'm* [age] *in a few months … this is my account, so I'm doing this consciously*."

£2,200 to Mr A's Revolut account (23 May 2024 call)

Mr A told the adviser he was making this payment to his Revolut savings account. "*I'm moving it over, so I can get some interest over this weekend, I have a project coming u*p."

The adviser questioned Mr A about the project, the Revolut interest rate and money going in and out of Mr A's account. To these questions Mr A provided satisfactory answers – also confirming he had made payment to Revolut before form another account.

The adviser asked, "*And we know at the moment then that fraudsters will tell customers to transfer money but lie to the bank OK – if anyone has asked you to lie to the bank your money could be a risk. Has anyone asked you to lie to the bank at all*?" Mr A responded stating, "*Not at all, no, no, absolutely not*." About the transfer Mr A added, "*It's a personal decision*."

In summary

Even if it could be argued that Lloyds should have gone further in its interventions, I am not persuaded this would have made a difference. Mr A was determined to make his payments – appearing confident during the calls and providing the answers necessary to get his payments over the line. For example, denying third party involvement, and the fact he had been instructed to lie by the fraudster.

This is supported by telephone calls Mr A had with Halifax about payments in connection to the scam. Those calls took place around the same time as Mr A's calls with Lloyds. In the Halifax calls, Mr A also provided misleading answers about his payments.

I have considered WhatsApp messages exchanged between Mr A and the fraudster. In those messages, there are several examples of Mr A seeking guidance from the fraudster on what to say/do during interventions in his payments with various banks/firms. In one example, Mr A provides the fraudster with intervention questions from a firm/bank – whereby the fraudster guides Mr A on how to answer them.

Further or alternatively, I take the view that even if Lloyds refused to process the payments concerned – which I am not concluding was necessary – Mr A would have found another way to make them. This is supported by the fact that Mr A used several different accounts to fund the scam.

I acknowledge that it appears Mr A was under the spell of the fraudster at the time of the calls. However, I cannot ignore the fact that Mr A misled Lloyds on several occasions which, to my mind, seriously frustrated its attempts to protect him from financial harm – thereby alleviating Lloyds's concerns about Mr A's payments.

Taking all the above points together, I find that during each of the calls concerned, Lloyds's interventions were proportionate to the risks identified – particularly when weighed against the misleading answers Mr A provided.

Should Lloyds have exercised further interventions in relation to Mr A's other payments?

Given the volume of payments in this matter, I have not attempted to identify individual trigger points. Instead, I have taken a holistic approach when considering the payments. Having done so, I think an argument could be made to suggest that some of these payments should have triggered interventions. Whilst this may be arguable – my view is that such interventions would have been few and far between. I say this because as Mr A continued to make payments to the accounts concerned, without any issues, they would have become 'established'. Further, I can see significant spending on both of Mr A's Lloyds accounts, so much of the scam payments would not have appeared out of character or unusual for his accounts.

In any event, I am not persuaded that had Lloyds carried out further interventions these would have made a difference. I have not seen anything to suggest that Mr A would not have responded the same way he did during the interventions mentioned above.

Recovery of funds

I have considered whether Lloyds could have done more to recover Mr A's funds once the fraud was reported.

Mr A's domestic payment transfers were made from Lloyds to various accounts in his name. Thereafter, those funds were either moved directly to the fraudster, or, if not – Mr A should be able to withdraw them from his accounts.

Turning to the international payment transfers Mr A says he made to the fraudster. The likelihood that even if prompt action had been taken by Lloyds on or immediately after the fraud was reported, any of Mr A's money would have been successfully reclaimed seems slim. I say this because of the time that had elapsed between these international transfers (November/December 2023) and when Mr A made Lloyds aware of the scam (around June 2024). In these types of scams, fraudsters tend to withdraw/transfer out their ill-gotten gains immediately to prevent recovery.

So, I am satisfied that it is unlikely Lloyds could have done anything to recover Mr A's funds.

Compensation for distress and/or inconvenience

I note Lloyds says in its final response letter that it has paid Mr A £150 due to its delay in providing him an outcome. I find this to be fair and reasonable in the circumstances. Any further distress and/or inconvenience Mr A has suffered in this matter is a result of the fraudster's actions – not Lloyds's.

Mr A's response to the investigator's findings

Mr A raised several different points in response to the investigator's findings – the majority of which are dealt with by my findings above. However, there are two points which I would like to address here. First, Mr A contends that there is an inconsistency in approach from financial institutions in terms of the scam he has fallen victim to. For example, Mr A says he has received a refund from a bank/firm. Secondly, Mr A says he is experiencing financial hardship because of the scam.

Regarding the first point, I am unable to comment on another financial institution's decision to refund Mr A. In this decision, I am considering whether Llouds acted fairly and reasonably. Regarding the second point, whilst Mr A has my sympathies – unfortunately, his financial difficulties do not have any bearing upon my consideration of Lloyds and the scam.

Here are the names of some organisations which might be able to assist Mr A with his financial difficulties: Citizens Advice, StepChange and National Debtline.

Conclusion

Taking all the above points together, I do not find that Lloyds has done anything wrong in the circumstances of this complaint. Therefore, I will not be directing Lloyds to do anything further.

In my judgment, this is a fair and reasonable outcome in the circumstances of this complaint.

MY FINAL DECISION

For the reasons set out above, my final decision is that I do not uphold this complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 18 June 2025.

Tony Massiah
Ombudsman