

The complaint

Miss S is complaining about Lloyds Bank PLC because it declined to refund money she lost as a result of fraud.

What happened

Sadly, Miss S fell victim to a cruel job scam. She was contacted by someone she hadn't met before offering online work that involved her completing and submitting reviews. She needed to pay to access job tasks with cryptocurrency and expected to be paid on completion. I understand Miss S received some small payments initially and was added to a chat group with others who appeared to be withdrawing their earnings successfully, all of which helped convince her this was a genuine arrangement.

To fund the scam, Miss S made the following payments from her Lloyds account to a known cryptocurrency exchange:

No.	Date	Amount £
1	6 Jan 2025	200
2	6 Jan 2025	600
3	6 Jan 2025	1,663
4	6 Jan 2025	2,790
5	10 Jan 2025	1,550

Our investigator didn't recommend the complaint be upheld. He was satisfied Lloyds took appropriate steps to question the circumstances of the payments with Miss S and provide relevant scam warnings. But as she didn't provide the bank with accurate information about their purpose, he felt it was reasonable for the bank to process the payments in line with her instructions.

Miss S didn't accept the investigator's assessment. She explained that she was in a difficult situation at the time and this should be taken into account.

The complaint has now been referred to me for review.

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've reached the same overall conclusions as the investigator, and for broadly the same reasons. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. 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 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.

In this case, there's no dispute that Miss S authorised the above payments.

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 Miss S.

Payments 1 and 2

I must take into account that many similar payment instructions received by Lloyds will be entirely legitimate. Having considered what it knew about the payments at the time, I'm not persuaded it ought to have been concerned that Miss S could be at risk of harm from fraud. The amounts involved were relatively low and a pattern of repeated payments consistent with many common types of scam hadn't begun to emerge at this stage. Further, I've seen nothing to indicate Lloyds had been told that Miss S was in any way vulnerable. With these points in mind, I can't reasonably say the bank was at fault for processing the payments in line with her instructions.

Payments 3, 4 and 5

Lloyds would have known that many common scams involved the purchase of cryptocurrency and by the time of payments 3 and 4, Miss S had transferred a considerable amount to a cryptocurrency exchange in a single day. This is the point at which I believe Lloyds should have been alerted to the possibility she was falling victim to a scam.

In view of the risks they presented, I think a proportionate response would have been for Lloyds to contact Miss S to find out more about the circumstances of the payments before processing them. I'm pleased to see that Lloyds did recognise this risk and spoke to Miss S by phone on three occasions, once in connection with each of these payments.

Unfortunately, the call transcripts show Miss S didn't provide Lloyds with accurate information about what the payments were for. Instead of saying she was paying to work online, she said she was investing and that nobody was guiding her through the process of opening and operating her cryptocurrency account. Nonetheless, in the second and third call, Lloyds' agents provided detailed warnings about job scams and how they commonly operate. On the third call for example, the agent said:

What customers we find fall victim to various scams do, involving crypto, is they will have been told to move cryptocurrency out of their own wallets to a different website for example. One of the worst scams we find is there's a lot of fake websites offering

jobs at the moment. They'll tell you that if you do certain tasks online like testing apps or clicking on social media, that sort of thing, that you'll be able to earn a commission and they'll pretend that they can offer you this commission but to earn money you need to move cryptocurrency onto their platform. Once you've moved your crypto onto there, you won't be able to get it back. They just take it and disappear so we're trying to make customers aware that there is a risk of moving your cryptocurrency because you would likely lose it.

The agent then asked:

Have you seen any of these job sites appearing or has anyone offered you one of these opportunities?

In response, Miss S said 'no'.

In my view, Lloyds' agents gave Miss S ample chance to explain what the payments were for and if she'd said what was really going on, the bank could have confirmed this was a scam. Unfortunately it didn't get that opportunity. It's not clear why Miss S didn't answer the questions she was asked accurately, but with the information it had I can't reasonably conclude Lloyds should have done more to stop the payments or that it was at fault for processing them in line with her instructions.

I want to be clear that it's not my intention to suggest Miss S 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. I can understand why she acted in the way she did. But my role is to consider the actions of Lloyds and, having done so, I'm not persuaded these were the cause of her losses.

Recovery of funds

I've also looked at whether Lloyds could or should have done more to try and recover Miss S's losses once it was aware that the payments were the result of fraud.

Miss S transferred funds to a legitimate cryptocurrency account in her own name. From there, she purchased cryptocurrency and moved it onto a wallet address of her choosing (albeit on the scammers' instructions). If Lloyds tried to recover the funds, it could only have done so from Miss S's own account and it appears all the money had already been moved on and, if not, anything that was left would still have been available to her to access. So I don't think anything that Lloyds could have done differently would have led to these payments being successfully recovered.

In conclusion

I recognise Miss S 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 final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 14 May 2025.

James Biles
Ombudsman