DRN-5625836

The complaint

Miss B complains that Lloyds Bank PLC decided not to refund her the money she lost through a scam.

Miss B has brought her complaint to us via a representative but I will refer to her throughout for simplicity.

What happened

Miss B said that she found out about a job opportunity from a friend and, after registering her details, was contacted about it in January 2025 via an online messaging service. The sender introduced themselves as a HR representative from a recruitment company who were working with a well-known online retailer. They explained that the job required Miss B to make upfront payments which would be used to simulate product purchases. Miss B would be paid commission when the product's exposure and ratings increased as a result.

Miss B said she made payments throughout January hoping to earn a large commission payment. She realised she'd lost money to a scammer when she was unable to withdraw her funds.

Miss B made payments to the scammer from her cryptocurrency account. She didn't make any payments directly from her Lloyds account to her cryptocurrency account, but instead transferred money to two of her other bank accounts before sending it on. One of these accounts was with a high street bank, the other was with a clearing bank for cryptocurrency platforms. I'll call these Bank A and B respectively.

In February 2025, Miss B complained to Lloyds about the following ten transactions:

	Date	Amount	Paid to
1	14/01/2025	£100.00	Bank A
2	14/01/2025	£30.00	Bank A
3	15/01/2025	£190.00	Bank A
4	15/01/2025	£800.00	Bank B
5	15/01/2025	£1,000.00	Bank B
6	15/01/2025	£20.35	Bank B
7	15/01/2025	£25.00	Bank B
8	24/01/2025	£1,000.00	Bank B
9	24/01/2025	£1,000.00	Bank B
10	30/01/2025	£700.00	Bank B

Miss B said Lloyds didn't do enough to prevent her from falling victim to the scam and that she wouldn't have lost her money, had it intervened.

Lloyds didn't uphold Miss B's complaint and she referred it to this Service in March.

In April, Lloyds reviewed the complaint again and partly upheld it. Lloyds said that the payments to Bank A on the 14 and 15 January 2025 didn't look unusual and were in line with Miss B's use of the account. However, Lloyds said that it could have done more to protect Miss B when she began making payments to Bank B.

Lloyds noted that in addition to the above 10 payments, Miss B made a payment to Bank B on 15/01/2025 for £120. Lloyds processed this payment, but flagged a second payment of £190 to Bank B as suspicious and stopped it. Lloyds said it asked Miss B to get in touch about the stopped payment, but then continued to process her payments to Bank B without speaking with her. Later, Lloyds stopped a payment for £2,000 to Bank B on the 24 January 2025 but then processed two payments of £1,000.

Lloyds said that while it could have done more to protect Miss B, she could also have done more to protect herself such as contacting the retailer to check that the job offer was genuine, and questioning why she needed to make payments before receiving a salary and why these payments had to be made in cryptocurrencies.

On 7 April 2025, Lloyds refunded Miss B £2,272.65, being half the money she lost through transactions 4 to 10 (as set out in the table above). Lloyds also paid Miss B compensatory interest of £34.15 plus a further £40 to apologise for not upholding her complaint earlier. Lloyds said that as the payments were made to accounts in Miss B's name, as opposed to being paid directly to the scammer, there was no way to recover the full amount.

Miss B didn't accept this offer from Lloyds and asked us to look into her complaint. One of our investigators reviewed the matter but didn't recommend that Lloyds take any further action as they found that the refund given was fair and reasonable.

Miss B didn't accept this recommendation and asked for the complaint to come to an ombudsman 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.

In deciding what's fair and reasonable, I am 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.

It's not in dispute that Miss B lost her money in a scam, and that she authorised the above payments. When Miss B made these payments in January 2025, there was a mandatory requirement in place for UK Payment Service Providers to reimburse their customers who become victims of fraud through making authorised payments from their bank accounts (in other words via the Faster Payments system) in some circumstances.

Unfortunately for Miss B, the reimbursement requirement only covered payments made to accounts that were not under the payee's control, which wasn't the case here as she made all ten payments to her own bank accounts.

In broad terms, the starting position at law is that a bank such as Lloyds, is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations 2017 and the terms and conditions of the customer's account.

However, this doesn't automatically mean that Lloyds cannot bear any responsibility for what happened to Miss B. Banks have a regulatory responsibility to conduct their business with due skill, care and diligence, and to pay due regard to their customers' interests and treat them fairly. Banks also need to take steps to reduce the risk that their systems might be used to further financial crime. In practice, this means keeping customers' money safe and taking steps to prevent financial harm.

In this case, I need to decide whether Lloyds acted fairly and reasonably in its dealings with Miss B when she authorised payments 1 to 3 from her account or whether it could and should have done more before processing them.

As both parties have agreed that Lloyds should have done more to protect Miss B when she made payments 4 to 10, I won't revisit this point. What remains in dispute about these payments is whether Lloyds should do more to put things right for Miss B, and I will consider this aspect.

<u>Should Lloyds have recognised that Miss B was at risk of financial harm from fraud when she authorised payments 1 to 3?</u>

The amount of money Miss B transferred with each of these payments wasn't significantly large that it was obvious Lloyds should have considered the payments as potential indicators of fraud. The payments were made to her own account with another high street bank and not, for example, to a cryptocurrency exchange or wallet, which might have given rise to concern given the prevalence of scams involving digital currency.

These three payments made to Bank A on 14 and 15 January 2025 were not the first payments Miss B had made to her Bank A account. She'd made similar payments the month before, for example paying £400, £170 and £70 on different days.

There's a balance to be struck between identifying payments that could potentially be fraudulent – and then responding appropriately to any concerns – and ensuring minimal disruption to legitimate payments. Whilst banks have an obligation to act in their customers' best interests, they can't reasonably be involved in every transaction. To do so would involve significant disruption to legitimate payments.

Altogether, I'm not satisfied these three payments Miss B made were so unusual and out of character that Lloyds ought to have intervened. Lloyds is obliged to process payments efficiently without undue delays and, overall, I don't think it treated Miss B unfairly or without regard to her interests by doing so in this case.

<u>Should Lloyds do more to put things right for Miss B regarding payments 4 to 10?</u>

As mentioned, Lloyds has refunded half the money Miss B transferred out of her account with these payments. It said in its final response to Miss B that she too bore some responsibility for her loss, and I've considered this.

Miss B told us that things were difficult for her at the time, financially and emotionally, and she's ended up losing a significant amount of money in the scam. The amount of money she lost altogether was much more than the amount she transferred from her Lloyds bank account. I don't doubt that this whole experience has had a very serious financial and emotional impact on Miss B, and I am sorry that this has happened to her.

I've reviewed the transcript of the online chat Miss B had with the scammer covering the period 14 to 31 January 2025. Miss B was told that the job was with a well-known retailer and was invited to set up an account on the company platform. She was also invited to set up a cryptocurrency account to make payments to the platform and to withdraw her commission.

It seems from the chat that Miss B could see tasks assigned to her on the company platform and funds moving in and out. She believed she was provided with some initial funding, completed some tasks and subsequently won some commission. Miss B was then invited to reinvest this commission to make more money, and ended up being persuaded to spend more and more money in the hope of a large reward.

Miss B realised it was a scam when she couldn't withdraw her funds. I can see that there were some convincing aspects of the scam, for example Miss B said the scammers appeared professional and she was shown what she thought were snapshots of the platform showing her deposits and earned funds. Miss B also said finding out about the opportunity through a friend made it seem legitimate and she genuinely believed that it was. Even so, I think there were some unusual aspects to the scam which ought reasonably to have concerned Miss B and led her to question what she was being asked to do.

Miss B was told she could earn £1,500 to £2,000 by completing 38 simple tasks a day, and could earn up to 50% commission at times, all of which seems too good to be true. I haven't seen that Miss B was offered an employment contract or anything else to show that she would, in fact, be working for the well-known online retailer, which is not what you'd expect from such an employer. Neither would you expect an employer to ask you to lie to a bank about the reasons for making payments.

All of this leads me to think that it would have been a reasonable response from Miss B to look into things further before she became involved with the scammer and also as events unfolded and she was given other reasons for making payments upfront. For example, Miss B was given the recruitment company website and she could have researched this to check its legitimacy. The website doesn't seem to exist nor is the company listed with Companies House and I think these facts would have rung alarm bells with Miss B. Miss B could also have gotten in touch with the well-known online retailer to check if it was carrying out or commissioning the type of work she was offered.

Because of this, I don't think it is fair to hold Lloyds wholly responsible for the loss Miss B incurred through making these payments. I've concluded that, altogether, Lloyds' offer to refund half the money lost is a fair and reasonable one. I've noted that Lloyds added 8% compensatory interest to these amounts, which is in line with this Service's approach, plus an amount of £40 in recognition of how it dealt with her complaint.

I have considered whether Lloyds could have recovered Miss B's funds when it found out about the scam. As mentioned, these payments were not made directly to the scammer but to an account in Miss B's name. Under these circumstances, there were no grounds for Lloyds to request a return of the funds as they went to an account which was under Miss B's control. I don't think Lloyds got anything wrong by not attempting to recover the funds.

In conclusion, I am not upholding Miss B's complaint and don't require Lloyds to take any further action in this matter.

My final decision

For the reasons I've explained above, I am not upholding Miss B's complaint about Lloyds Bank PLC and don't require it to take any action in this matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 18 September 2025.

Michelle Boundy
Ombudsman