DRN-5648924

The complaint

Mr A complains Lloyds Bank PLC ("Lloyds") didn't do enough to protect him when he fell victim to a scam.

The complaint has been brought on Mr A's behalf by a personal representative, for ease I'll refer to Mr A throughout.

What happened

Mr A said he received a call from someone purporting to be from Lloyds and that his account had been compromised, I'll refer to them as the scammer. Mr A said he had received a link from a delivery company a few days earlier and as he had been expecting a parcel, he clicked the linked and made a payment. Mr A said the scammer told him this link was fake.

Mr A said the scammer told him Lloyds and another firm I'll refer to as R were connected and he needed to transfer his funds from his Lloyds account to R because his Lloyds account was going to be terminated. He said the scammer directed him to transfer the funds from his ISA with Lloyds into his current account and then on to R in several £500 payments.

Mr A said he asked the scammer to give him his bank details as a way to test if the caller was genuine and the scammer knew his banking details with both firms which led him to believe the call was genuine. The scammer was also able to provide Mr A's email address, postal address and phone number.

Mr A says he opened a platinum card with R at the direction of the scammer as this was the card for the secure account. Mr A said the following day he realised his account with R had been frozen and the scammer called him again and told him to contact R to unfreeze the account, which he did. It seems the scammer processed the transfers and Mr A approved the notifications believing the funds were going to a safe account but they actually went to cryptocurrency platforms.

Below are the payments Mr A made between his accounts and to R which were then lost as a result of the scam:

Payment	Type of transaction	Amount
	ISA to current account	£3,391.91
	ISA to current account	£1,500
1	Payment to R	£500
2	Payment to R	£500
3	Payment to R	£500
4	Payment to R	£500
5	Payment to R	£500
	ISA to current account	£1,891.92
6	Payment to R	£10
7	Payment to R	£50
8	Payment to R	£500

9	Payment to R	£500
10	Payment to R	£500
11	Payment to R	£500
12	Payment to R	£500
13	Payment to R	£500
14	Payment to R	£500
15	Payment to R	£253
16	Payment to R	£500

Mr A complained to Lloyds, and his complaint wasn't upheld. Unhappy with Lloyds' response, Mr A raised the matter with the Financial Ombudsman. One of our Investigators looked into the complaint and felt Lloyds ought to have been concerned by the quick succession of the payments Mr A was making from his account to R and should have established the circumstances of the payments he was making. However, they felt had Lloyds done this it wouldn't have made a difference because when R intervened Mr A didn't give accurate information regarding the circumstances of the payments and the scam wasn't uncovered. They felt Mr A would have behaved in a similar way had Lloyds intervened and it therefore wouldn't have uncovered the scam or prevented him from making the payments.

As an agreement could not be reached, the complaint has been passed to me for a final decision.

My provisional decision

I issued my provisional decision on 12 June 2025. I decided, provisionally, that I was going to uphold Mr A's complaint in part. This is what I said.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr A raised a complaint against another firm which was referred to us. I'm aware of the other complaint but will only be making a finding on his complaint against Lloyds.

It isn't in dispute that Mr A is the victim of a scam here, nor that he authorised the disputed payments he made. In broad terms, the starting position at law is that banks and other payment service providers (PSP's) are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (PSRs) and the terms and conditions of the customer's account.

Mr A authorised the payments in question here – so even though he was tricked into doing so and didn't intend for his money to end up in the hands of a scammer, he is presumed liable in the first instance.

But as a matter of good industry practice, Lloyds should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction.

I've thought about whether Lloyds acted fairly and reasonably in its dealings with Mr A when he made the payments, or whether it should have done more than it did. In doing so I've considered what Lloyds knew about the payments and the actions it took at the time the payments were made. I'd like to assure Mr A and Lloyds that I've reviewed the complaint really carefully in light of all of this.

Lloyds told us it didn't intervene on any of the disputed payments Mr A made.

I don't think Lloyds ought to have been concerned when Mr A initially transferred funds from his Help to Buy ISA into his current account. I appreciate his point that it should be clear to Lloyds that this money was intended for purchasing a property, and that he has only ever moved funds from this account once before, which was a low value amount. So he believes this movement of his funds from his ISA to his current account should have raised concerns with Lloyds. However, customers are allowed to move their funds between accounts when they choose, and can change their mind about what they spend their money on or need it for another purpose. The nature of Mr A's ISA doesn't alter that, and I don't think him moving funds from his ISA to his current account in isolation, would have suggested to Lloyds that he was at a heightened risk of fraud.

I appreciate £500 isn't an insignificant amount of money but I don't think it's of a high enough value to have been suspicious to Lloyds. Having reviewed Mr A's account statements in the months prior to the scam, I can see he made other payments for higher amounts, seemingly for legitimate reasons. So, I believe a payment of £500 would be in-line with how Mr A has used his account in the past. Also, the destination of the payment was an account Mr A held with R which also wouldn't have been cause for concern to Lloyds.

However, the pattern of spending of the account after that does become suspicious. The rate at which Mr A was repeatedly making £500 payments to his account with R along with the draining of his ISA ought to have been a concern for Lloyds as it shows an emerging fraud trend – one indicative of a safe account scam. At the time these payments were made Lloyds ought to have been aware of the common use of multi-stage fraud by scammers. Multi-stage fraud involves money passing through more than one account under the consumer's control before being sent to a fraudster. Lloyds would also have been aware that scammers instruct their victims to move money in smaller chunks to avoid detection – and this pattern clearly indicated an attempt to evade the bank's fraud controls.

Having considered things carefully I think Lloyds ought to have been concerned that Mr A was at a heightened risk of fraud when he made payment 5 from his current account to R. I think it should have held the payment and contacted Mr A to discuss the circumstances of the payment. I think that human intervention would have been a proportionate response to the risk the payment presented. Particularly given the speed at which things were happening and the indications he might be falling for a safe account scam (so needing to break communication with the scammer).

I'd have expected Lloyds to call Mr A and ask a series of open, probing questions to try and establish what, if any, scam risk there was. Based on the answers he gave; I'd have expected Lloyds to provide a tailored warning highlighting the key features of the scam Mr A was likely falling victim to.

I can't be certain what would have happened if Lloyds had intervened in this way, so I need to make a decision on the balance of probabilities of what would most likely have happened if it had. Having thought carefully about this, I think if Lloyds had intervened as I've described it would have uncovered the scam and prevented Mr A from making payment 5 and those that followed. I'll explain why.

It's clear from Mr A's testimony that he believed he was speaking with Lloyds and that his account had been compromised. The scammer doesn't seem to have suggested the risk was within Lloyds itself, as they told Mr A the issue had arisen due to a fake delivery link. I therefore see no reason why Mr A would mistrust Lloyds if it had called him.

I'm therefore persuaded a call from his actual bank would have given him the pause he needed to consider what the scammer had told him. Mr A had concerns when he first took the call and while the scammer was able to convince him he was from Lloyds, I think the scam would have soon unravelled if Lloyds itself had called Mr A and questioned him on the circumstances of the payment. And if Lloyds was unable to speak with Mr A it ought to have blocked the account until such time that it did speak with him, and I believe an effective conversation with open probing questions would have uncovered the scam and prevented the payments and those that followed.

I appreciate Mr A didn't answer R's automated questions accurately when it intervened, and Mr A has said he was guided by the scammer when he did this – and following instructions from his bank carefully to ensure his money was safe (rather than trying to mislead R). But I have seen that he told Revolut via the in-app chat exactly the reason he'd transferred funds to R from Lloyds before all the funds were lost to the scammer. In summary, Mr A told Revolut he'd moved his funds because he'd been told his account with Lloyds had been compromised. So, he was truthful with R when speaking with someone about what was going on. I therefore find it's more likely than not that he would have been truthful with Lloyds.

Additionally, I'm satisfied it would have been harder for the scammer to persuade Mr A to mislead Lloyds when they were allegedly calling from Lloyds.

Given the above, I find Lloyds missed an opportunity to intervene. I'm persuaded if it had proportionately intervened as I've described, it would have uncovered the scam and prevented Mr A from making payment 5 to R, and those that followed. I therefore find it's fair and reasonable to hold Lloyds liable for Mr A's losses from this payment onwards.

I've also considered whether Mr A should share any liability for the preventable loss. In considering this point, I've taken into account what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint.

Overall, I don't find that Mr A acted unreasonably in the circumstances. I believe the scam was sophisticated, persuasive and with the addition of fear and panic that his money was at risk. So I understand why Mr A behaved in the way he did. He didn't take the call at face value and tried to verify the caller. The scammer gave Mr A sufficient personal and banking information such that it persuaded him the call was genuine. The use of the delivery service link sent and completed days prior to the scam call will also have been persuasive and added legitimacy to the call and the version of events the scammer gave Mr A. I therefore don't think it would be fair to also hold Mr A liable for the preventable losses.

My provisional decision

My provisional decision is that Lloyds Bank PLC should:

- Refund Mr A his losses for payment 5 onwards.
- Pay 8% simple interest per year on this amount, from the date the payments debited his account, until the date the refund is settled (less any tax lawfully deductible).

In my provisional decision, I gave both Mr A and Lloyds the opportunity to respond and to provide any comments or new information they might wish me to consider before I moved to a final decision.

Mr A accepted the provisional decision. Lloyds didn't respond - despite the above being sent to them on two occasions, 12 June and 19 June 2025.

Given both parties have had the opportunity to respond, I can proceed with making my final decision on this complaint.

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 the absence of any further points for my consideration, I see no reason to depart from the above. I therefore remain of the view that Lloyds is responsible for the loss Mr A suffered from payment 5 onwards. And that it wouldn't be reasonable to reduce the award due to contributary negligence on Mr A's part in these circumstances. It follows that I think Lloyds should refund Mr A for payment 5 onwards and pay 8% simple interest to recognise the loss of use of the money he suffered.

My final decision

My final decision is that Lloyds Bank PLC should:

- Refund Mr A his losses for payment 5 onwards.
- Pay 8% simple interest per year on this amount, from the date the payments debited his account, until the date the refund is settled (less any tax lawfully deductible).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 24 July 2025.

Charlotte Mulvihill
Ombudsman