DRN-5732363

THE COMPLAINT

Miss C complains Lloyds Bank PLC ("Lloyds") will not reimburse her money she says she lost when she fell victim 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.

Miss C has fallen victim to a romance scam. She made a significant number of payments to a person she believed to be a well-known celebrity chef ("the scammer"). Miss C says she made these payments, in the main, because she thought they were going towards the purchase of a house she believed she was buying and refurbishing with the scammer. In addition to the ploy about the house, Miss C says the scammer told her they were being investigated for tax evasion and required money for the resulting fines and release of funds from their bank account. To help the scammer resolve these issues, Miss C says she made further payments to them.

Miss C used various accounts and payment methods to send money to the scammer between 2020 and 2022. In this matter, Miss C used her Lloyds credit card to make payments to the scammer via Xoom:

Payment Number	Date	Amount
1	26 February 2021	£1,509.99
2	27 February 2021	£2,667.49
3	28 February 2021	£5,032.99
4	02 March 2021	£3,523.49
5	10 March 2021	£805.49
6	29 March 2021	£231.99
7	10 April 2021	£141.99
8	18 May 2021	£141.99

9	31 May 2021	£151.99
10	03 June 2021	£151.99
11	29 June 2021	£860.99
12	05 July 2021	£156.99
13	21 July 2021	£503.49

Miss C disputed the above with Lloyds. When Lloyds refused to reimburse Miss C, she raised a complaint, which she also referred to our Service.

One of our investigators considered the complaint and did not uphold it. As Miss C did not accept the investigator's findings, 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").

Other disputed payments

Miss C has argued that there are disputed payments that the investigator did not include in their findings. Having carefully considered this issue, I am satisfied that the investigator has dealt with the appropriate transactions related to this specific complaint. Further, I will not be making any findings regarding Miss C's other complaints with our Service which have already been resolved.

Should Lloyds have recognised that Miss C was at risk of financial harm from fraud?

It is not in dispute that Miss C 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 firms/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.

Payment 3

In my view, Payment 3 was unusual. I say this primarily because of the value of the transaction and the fact that two significant payments were made on 26 and 27 February 2021 to the same payee. The total amount for all three transactions was approximately £9,000. For these reasons, I would have expected Payment 3 to have triggered Lloyds's fraud detection systems.

<u>What kind of intervention should Lloyds have provided?</u>

Given the above aggravating factors, to my mind, there was an identifiable risk. I am mindful of the fact that Payment 3 took place on 28 February 2021. I have taken this together with the aggravating factors present. In doing so, my view is that a proportionate intervention to the risk identified would have been for Lloyds to have provided Miss C with an automated written warning that broadly covered scam risks.

Lloyds failed to do this.

<u>If Lloyds had provided a warning of the type described, would that have prevented the losses Miss C suffered from Payment 3?</u>

I have explained why it would have been reasonable for Payment 3 to have triggered an intervention from Lloyds. So, I must now turn to causation. Put simply, I need to consider whether Lloyd's failure to intervene caused Miss C's loss. To do this, I need to reflect on whether such an intervention (described above) would have likely made any difference. Having done so, I am not persuaded that it would have. I take the view that, on the balance of probabilities, Miss C would have frustrated Lloyd's attempt to intervene to protect her from financial harm – thereby alleviating any concerns Lloyds had.

I have reached this view for the following reasons.

Miss C has provided our Service with messages which were exchanged between herself and the scammer. Having considered these messages, I am persuaded that Miss C was very much under the spell of the scammer at the time. To my mind, the nature of the messages strongly suggest that Miss C fully trusted the scammer at the time and had fallen for them romantically. This proposition is supported by how quickly Miss C fell for the scammer and the amount of money she provided them. A striking feature of this case is that Miss C paid the scammer for reasons which, in my view, any reasonable person would have seriously scrutinised. Miss C did not do this.

Prior to Payment 3, Miss C had already made several significant payments to the scammer – dating as far back as December 2020 (see Miss C's resolved linked complaint about Lloyds – reference ending L2Y3). During that period, from what I can ascertain, Miss C did not demonstrate any significant concerns about the scammer or the payments she was making to them. I have not seen anything to suggest that by the time of Payment 3 Miss C's position had changed.

In the linked complaint, it was submitted on Miss C's behalf, that the scammer advised Miss C to tell her bank that her payments were for an investment. It was also submitted that, "*Your customer* [Miss C] *believed that the money was being used to go towards the purchase of another home with the scammer and so did not feel the reasoning being for an investment was too far from the truth*." I have some difficulty with this logic. I say this because of the call the investigator mentioned in their findings which took place between Miss C and Lloyds on 26 February 2021. In that call, Miss C confirmed that she was a regular investor, and that she was investing in "Bitcoin". These statements contradict the assertion that Miss C believed the 'investment' related to the purchase of another home. Miss C specifically confirmed during the call that her payment was for Bitcoin. Whilst I am not making a determination on whether the call was a proportionate intervention, it has provided me with some insight into what Miss C was prepared to say during an intervention. Therefore, I find, on balance, that Miss C would have provided the same reason if Lloyds had intervened in Payment 3, which would not have appeared too unusual given the payee concerned. Further, Payment 3 took place only two days after the telephone call mentioned, so I find it likely Miss C would have provided the same reason to Lloyds.

Taking all the above factors together, I find they suggest that had Lloyds intervened in Payment 3 to try to protect Miss C from financial harm (in the way described above): it is likely she would have frustrated this intervention, thereby alleviating any concerns Lloyds might have had. It follows from this that Lloyds would not have been able to prevent Miss C's loss from Payment 3.

I am not persuaded this is a case where Lloyds, contrary to Miss C's instructions, should have refused to put Payment 3 through.

<u>Other interventions</u>

I am not satisfied that there were sufficient aggravating features concerning Miss C's other payments to justify an intervention from Lloyds.

<u>Recovery of funds</u>

I have considered whether Lloyds acted appropriately to try to recover Miss C's funds once the fraud was reported.

Miss C used her credit card to make the payment transactions concerned, which means she could potentially recover her money under chargeback or section 75. However, given the circumstances of Miss C's payments, I am satisfied that she does not have any rights under these schemes.

<u>Conclusion</u>

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.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss C to accept or reject my decision before 14 September 2025.

Tony Massiah
Ombudsman