

## The complaint

Mrs C complains that Lloyds Bank PLC didn't do enough to protect her from the financial harm caused by a romance scam, or to help her recover the money once she'd reported the scam to it.

## What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In 2022, Mrs C was approached on social media by someone I'll refer to as "the scammer". The conversation moved to Google Chat and remained in-depth and frequent for the next 18 months. The scammer also contacted Mrs C by phone, but they never had a video call.

The scammer claimed to work in the oil, gas and gold industries and after six or seven months, he began to ask her for money for various things including assistance to access gold, help with visas, being imprisoned, money for his son, funds to travel to the UK, being stuck at borders, and releasing luggage. Our client was then sending the scammer the gift card codes for them to redeem, all the while the scammer was promising to pay our client back.

After initially trying to transfer funds to the scammer using her Lloyds account, Mrs C agreed to send funds using gift cards. Between 3 June 2023 and 4 November 2024, she made 68 payments using her Lloyds credit card to different supermarkets and retailers totalling £30,247.55 (£7,350 was credited back to the account and so the outstanding loss was £22,897.55).

In December 2024, a friend alerted Mrs C that she was being scammed. She complained to Lloyds, but it refused to refund any of the money she'd lost. It explained that she visited a branch in May 2023 to transfer £3000 to a man who worked on an oil rig. She was shown social engineering videos and given scam education, and she acknowledged she was being scammed.

It said the payments weren't covered under Section 75 of the Consumer Credit Act ("Section 75") because the merchants had provided the gift cards, so there was no breach of contract or misrepresentation. And it couldn't raise fraud claims because the transactions were performed with chip and PIN, and Mrs C had willingly and knowingly participated in the transactions. It also explained that the Contingent Reimbursement Model ("CRM") Code didn't apply to credit card payments.

Mrs C wasn't satisfied and so she complained to this service with the assistance of a representative who said Lloyds had failed to raise a Section 75 claim. They also said the spending was unusual and that if Lloyds had intervened and asked probing questions they would have noticed there were red flags present and her loss would have been prevented.

Our investigator didn't think the complaint should be upheld. She accepted Mrs C had made the payments as a result of fraud, but she didn't think Lloyds could have prevented her loss.

She noted that it intervened on 12 May 2023 when Mrs C went in-branch to attempt a money transfer from her credit card, and she was satisfied this prevented her from transferring funds to the scammer on that occasion.

She accepted Lloyds couldn't have known Mrs C was purchasing gift cards, but she felt it ought to have recognised that the credit card activity on 12 October 2023 was unusual because she hadn't previously made payments over £1,000 and by the time she made the third payment on 12 October 2023, she'd spent more money in ten minutes than she would typically spend over several months.

However, she felt the messages between Mrs C and the scammer suggested she wouldn't have been honest about the purpose, or the intended recipient, of the payments, if Lloyds had questioned her about them. She explained that the messages showed that the first shop she visited on 12 October 2023 wouldn't sell her the gift cards, and staff in the second and third shops had warned her about scams and theft. Mrs C told the scammer that she said she was buying presents for family and asked him what she should say if she was asked why she was purchasing gift cards rather than transferring funds to family directly.

Our investigator further explained that if Lloyds had provided warnings, she didn't think it would have made a difference because the messages showed that when Mrs C had concerns, she would tell the scammer she wouldn't pay him any more money, but he would eventually persuade her to send more money. So, she didn't think Lloyds could have done anything to cause her to cease contact with the scammer.

Finally, our investigator didn't think she could bring a successful claim under Section 75 because she'd paid legitimate merchants who had provided the services as intended – which was to purchase gift cards. And she didn't think Mrs C was entitled to any compensation.

Mrs C has asked for her complaint to be reviewed by an Ombudsman. Her representative has argued that she was honest when Lloyds intervened on 12 May 2023, so if she was spoken to during a subsequent intervention, they'd have noted she'd previously been scammed. In addition, Lloyds ought to have known from the size, the rounded figure, and the timing of the payments that she was buying gift cards, and as this is strongly associated with romance scams, it should have invoked the Banking Protocol.

### **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 conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Mrs C has been the victim of a cruel scam. I know she feels strongly about this complaint, and this will come as a disappointment to her, so I'll explain why.

I'm satisfied Mrs C 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although she didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of her bank account, she is presumed liable for the loss in the first instance. There is no dispute that Mrs C was the victim of a scam, but although she didn't intend her money to go to a scammer, she did authorise the disputed payments. Lloyds is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

## *Prevention*

I've thought about whether Lloyds could have done more to prevent the scam from occurring altogether. It ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it ought to have intervened to warn Mrs C when he tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect Lloyds to intervene with a view to protecting Mrs C from financial harm due to fraud.

Lloyds detected that Mrs C was being scammed when she went into the branch on 12 May 2023. On that occasion she was shown social engineering videos and given scam education, and she accepted she'd been scammed.

Unfortunately, three weeks later, Mrs C began to send gift cards to the scammer. I've considered whether Lloyds should have intervened before any of the transactions and I agree with our investigator that it ought to have raised concerns on 12 October 2023 because, having previously used the account for low value spending, Mrs C made six transactions totalling £5,500. It ought reasonably to have intervened when she made the third payment that day for £2,000, because the cumulative total amounted to £4,000, which was unusual for the account.

I would expect Lloyds to have contacted Mrs C to ask her probing questions about the payments. I've thought about how she'd have responded to questions and I accept she was honest about the circumstances when she attended the branch in May 2023. But on 12 October 2023 Mrs C told the merchant she was buying the gift cards for friends and family.

She also asked the scammer what she should say if she was challenged about this. So, if Lloyds had questioned her about the payment, I think it's likely that she'd have said she was purchasing gift cards for friends and family.

Mrs C's representative has argued that Lloyds ought to have realised that Mrs C was buying gift cards, but I don't think it is reasonable to expect it to have known this in the circumstances. So, I don't think Lloyds would have detected the scam.

I've also considered what would have happened if Lloyds had given Mrs C a scam warning and, while she accepted was being scammed in the branch on 12 May 2023, I don't think a warning while she was on the phone would have had the same impact. And even if she'd paused to think about what she was being asked to do, the evidence of her communication with the scammer and the fact she continued to make payments after being told she was being scammed on 12 May 2023, suggests that she'd have continued to send money to the scammer at some point in the future.

Further, I've read the messages referred to above and it's clear that Mrs C did have concerns about what she was being asked to do, but she continued to send funds to the scammer, and she only stopped when her family got involved. Because of this, I think it's likely that if Lloyds had intervened and provided warnings, Mrs C would've continued speaking to the scammer, and eventually, followed his instructions to send more funds. So, I agree with our investigator that an intervention from Lloyds wouldn't have made a difference.

## *Recovery*

There was no prospect of a successful claim under Section 75 because the merchants had provided the gift cards, so there was no breach of contract or misrepresentation. And the transactions were performed with chip and PIN, so Mrs C couldn't raise fraud claims, and the

Contingent Reimbursement Model (“CRM”) Code didn’t apply to the payments because the Code didn’t apply to credit card payments.

### *Compensation*

The main cause for the upset was the scammer who persuaded Mr C to part with her funds. I haven’t found any errors or delays to Lloyds’s investigation, so I don’t think she is entitled to any compensation.

Overall, I’m satisfied Lloyds took the correct steps prior to the funds being released – as well as the steps it took after being notified of the potential fraud. I’m sorry to hear Mrs C has lost money and the effect this has had on her. But for the reasons I’ve explained, I don’t think Lloyds is to blame for this and so I can’t fairly tell it to do anything further to resolve this complaint.

### **My final decision**

For the reasons I’ve outlined above, my final decision is that I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs C to accept or reject my decision before 25 January 2026.

Carolyn Bonnell  
**Ombudsman**