

## The complaint

Mr A and Mrs S complain that Lloyds Bank PLC ('Lloyds') won't refund the money they lost as the result of a scam.

## What happened

In September 2023, Mr A was called by someone who said they worked for a cryptocurrency exchange I'll refer to as B. They said Mr A had a wallet with B, that contained 2.6 Bitcoin, and a fraudster had tried to withdraw funds from the wallet.

Mr A was told that he couldn't access the wallet until he passed security clearance, which required him to deposit funds into the wallet.

When Mr A had transferred the funds to the wallet, he was told he had to pay taxes on the value of his Bitcoin. After each payment, Mr A was told the value of his Bitcoin had increased and he had to pay further taxes. The scammers told Mr A that he could track the value of Bitcoin online and see that it had increased in value.

Ultimately, Mr A got to the point where he didn't have any more money in his account to send. So, he contacted his wife, who told him it was a scam.

These are the payments Mr A made from his Lloyds account.

<b>Date</b>	<b>Details of transaction</b>	<b>Amount</b>
13.11.2023	Payment to P – an electronic money service	£5,200
13.11.2023	Payment to P – an electronic money service	£5,100
23.11.2023	Payment to P – an electronic money service	£10,000
23.11.2023	Payment to P – an electronic money service	£1,322
27.11.2023	Payment to P – an electronic money service	£10,000

Mr A and Mrs S raised a fraud claim with Lloyds, asking that they refund them. Lloyds refunded 50% of the payments, saying they could've done more to prevent the loss. They also paid Mr A and Mrs S £50 compensation for not getting it right the first time.

Mr A and Mrs S weren't happy with Lloyds' response, so they brought a complaint to our service.

An investigator looked into their complaint but didn't uphold it. The investigator felt the 50% Lloyds had refunded was fair. The investigator wasn't satisfied that further intervention would've prevented Mr A and Mrs S's loss based on Mr A's interactions with Lloyds and another bank. When Lloyds told Mr A they thought he was the victim of a scam, he started transferring money to an account he held with another bank in order to continue making the payments. When that bank intervened and told Mr A they thought he was the victim of a scam, Mr A asked them not to involve the police and said he wouldn't make any further payments. However, he continued to make payments from his Lloyds account.

Mr A and Mrs S disagreed with the investigator's opinion and asked for an ombudsman to review their case. They raised the following points:

- The investigator ignored Lloyds' responsibility to Mrs S as the joint account holder.
- If Lloyds had contacted Mrs S the loss would've been prevented.
- There is an issue with Lloyds' processes, as they should've notified the joint account holder of their concerns.

Mr A and Mrs S asked for Lloyds to change its process in these circumstances.

### **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, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities. In other words, on what I consider is more likely than not to have happened in light of the available evidence.

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account. It's not in dispute that Mr A authorised these payments, although he did so not realising he was the victim of a scam.

I'm really sorry that Mr A has fallen victim to such a cruel scam, and understand the serious impact this has had on both Mr A and Mrs S.

Taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Lloyds should fairly and reasonably have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams.

Also, I'd expect Lloyds to have systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). And where a potential risk of financial harm is identified, to have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – as in practice all banks do.

I can see that Lloyds had concerns straight away about the payments Mr A was trying to make as a part of the scam. Lloyds say they could've done more to prevent Mr A's loss, so they've refunded 50% of the payments made.

Even if I agree with Mr A and Mrs S that Lloyds have failed to take the necessary steps to protect Mr A in this situation – that doesn't necessarily mean that they're entitled to a full refund.

I say this because I also have to take into account contributory negligence. This is whether Mr A should fairly be asked to share responsibility for his loss, because he should've taken steps to mitigate the loss.

In this case, I think there were enough red flags that Mr A should've taken additional steps before making any payments as part of the scam.

It's clear that Mr A had concerns about being called out of the blue by someone who said they worked for B. I say this because Mr A asked the caller to prove she was who she said she was. In response she provided a "certificate of employment". But I can't see that Mr A checked the authenticity of this, for example, by calling B.

Mr A also asked for proof of the Bitcoin the scammer said was held in a wallet in his name. I appreciate that they sent Mr A a screen shot, but if Mr A genuinely held a wallet he should have been able to log into it to view the balance – even if he wasn't able to withdraw funds from it.

I also think Mr A should've been concerned about being asked to send money to pass a security clearance. A genuine company wouldn't ask a customer to send more money to their account or wallet in order to pass security. And that Mr A was then asked to pay taxes, which hadn't been disclosed up front by the caller.

I think there were enough red flags that Mr A should have been, and was, concerned about the legitimacy of what he was being told and asked to do.

On that basis, I'm satisfied that Mr A could've mitigated his loss and should share responsibility for his loss with Lloyds, meaning he would only be entitled to a refund of 50% of the payments he made - which he's already received.

Mrs S has raised a number of points regarding Lloyds' processes and how it handles accounts held in joint names where they have a concern regarding transactions. Our role is as an informal dispute resolution service, resolving complaints between customers and financial institutions. The Financial Conduct Authority (FCA) is the regulator, and they set and enforce standards for businesses. So, Mrs S's concerns about Lloyds' processes would be better raised with the FCA. Mrs S should be aware though that the FCA doesn't look at issues on a case-by-case basis.

Mr A and Mrs S had a joint account, with either party able to authorise payments on the account. So, I'm satisfied that Lloyds didn't act unreasonably in dealing with Mr A in relation to these payments. Unfortunately, Mr A attempted to circumvent the security systems of both Lloyds and another bank, after being told that the banks thought he was the victim of a scam, so he could continue making payments.

I understand the concerns that Mrs S has raised and why she feels that the impact on her hasn't been taken into account by Lloyds. However, I'm not satisfied that there is a basis on which I could fairly require Lloyds to refund the remaining 50% of the money Mr A and Mrs S lost on these payments.

I'm really sorry to disappoint Mr A and Mrs S, but I'm not satisfied that I can fairly ask Lloyds to refund them.

### **My final decision**

My final decision is that I don't uphold this complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Mrs S to accept or reject my decision before 31 December 2025.

Lisa Lowe  
**Ombudsman**