

The complaint

P complains that Lloyds Bank PLC (Lloyds) is refusing to refund it the amount that was lost as the result of a scam.

P is being represented by Mr and Mrs D and an additional third party. To keep things simple, I will refer to Mr and Mrs D and P throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr D tells us that he viewed a video online for a business I will call "X" advertising an investment opportunity, the opportunity offered substantial returns after making a relatively small investment. The investment appeared to be endorsed by a well-known celebrity.

Mr D completed an online form and received a call from a representative of X. X appeared very knowledgeable and genuine, and introduced Mr D to a professional looking trading platform.

Mr D started investing with a small payment and could see his investment was growing. After making a second small payment on the advice of X, X encouraged Mr D to take part in another investment that required a total deposit of £100,000. Mr D agreed to invest and could see his account balance growing to around £700,000.

Aswell as making payments from his personal accounts in relation to the investment Mr D also made payments from P's account.

It was then explained to Mr D that he had made a trading error and would have to pay an additional fee to fix the error. X then liquidated the remaining assets leaving a significant balance in the trading account.

However, when Mr D attempted to withdraw the funds, he was asked to pay multiple other fees first. Mr D made various payments and was told a courier would deliver Mr D's and P's funds to him and escort him to the bank to facilitate a transfer.

Mr D realised himself and P had fallen victim to a scam when the courier didn't arrive, and X stopped communicating with him.

P has disputed the following payments made from P's business account with Lloyds.

| <u>Payment</u> | <u>Date</u> | <u>Payee</u> | <u>Payment Method</u> | <u>Amount</u> |
|----------------|-----------------|---------------|-----------------------|---------------|
| 1 | 27 April 2023 | Admirria Tech | Debit Card | £200.00 |
| 2 | 9 May 2023 | Admirria Tech | Debit Card | £1,000.00 |
| 3 | 20 June 2023 | Mr and Mrs D | Transfer | £4,600.00 |
| 4 | 30 January 2024 | Mr D | Transfer | £4,500.00 |

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|---|----------------|-----------------|------------------------|-----------|
| 5 | 9 May 2024 | Foreign Payment | International Transfer | £5,298.01 |
| 6 | 31 May 2024 | Foreign Payment | International Transfer | £6,800.00 |
| 7 | 21 August 2024 | Foreign Payment | International Transfer | £4,850.00 |
| 8 | 30 August 2024 | Foreign Payment | International Transfer | £5,204.00 |

Our Investigator considered P's complaint and didn't think it should be upheld. P disagreed, so this complaint has been passed to me 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.

It has not been disputed that P has fallen victim to a cruel scam. The evidence provided by both P and Lloyds sets out what happened. What is in dispute is whether Lloyds should refund the money P lost due to the scam.

Recovering the payments made from P's account

Mr D made payments from P's account via debit card, transfer and international transfer. When payments are made by card the only recovery option Lloyds has is to request a chargeback.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid and potentially succeed. Time limits also apply.

Unfortunately, P made the complaint to Lloyds outside of the allowed time to raise a chargeback and therefore Lloyds has been unable to attempt a chargeback for the payments made into the scam.

When payments are made by international transfer Lloyds has even less options available to it to seek recovery. In my experience scammers tend to move funds as soon as they are received into the payee accounts. Considering the time that passed between Mr D making the payments and P making a complaint to Lloyds, I don't think Lloyds had any reasonable chance of recovering the payments made via international transfer.

P also made transfers into other accounts in Mr and Mrs D's names that they are in control of. So, if any funds remained in those accounts, they would not require recovery.

Should Lloyds have reasonably prevented the payments made in relation to the scam?

It has been accepted that Mr D authorised the payments that were made from P's account with Lloyds, albeit on X's instruction. So, the starting point here is that P is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Lloyds should have been aware of the scam and intervened when Mr D made the payments. And if it had intervened, would it have been able to prevent

the scam taking place.

I think it could be argued that Lloyds should have intervened when international payments started to be made (payment 5). The payments were not in keeping with how the account was normally operated and were for relatively significant amounts.

Lloyds didn't intervene when any of the payments were made from P's account. But I don't think it would have made a difference if it had intervened. I will explain why.

Mr D made multiple other payments from other accounts he held with other providers in relation to the same scam. The other providers did intervene and when they did Mr D did not provide accurate information. Mr D confirmed:

- He had not downloaded any screensharing software.
- He had not been advised to create an account after hearing about an investment opportunity.
- He was using a web browser to access his account as it was easier.
- He had found the cryptocurrency exchanges by carrying out research on the FCA.
- Nobody referred anything to him.
- He chose his account provider as it was a UK regulated institution.
- He was purchasing goods or services.
- He took full responsibility for the payments.
- He understood that if he was being scammed the fraudster may ask him to hide the real reason for the payment.
- He was not being assisted with the questions.
- He was buying goods from an online retailer.
- The goods were averagely priced or more expensive than usual.
- He knew or had met the seller.
- He had seen proof of ownership.
- He was making a business transfer.
- He had not been told to select "Goods or Services" for the payment purpose.
- He knew the payee.
- He took full responsibility for the payments
- He wasn't being guided with the transaction
- He had not been asked to send the money
- He was transferring funds probably for a holiday.
- He was not on the phone to anyone else.
- He had not been told to lie about the reason for the payment.

The information Mr D provided throughout the scam was not correct as well as giving incorrect information about the payments themselves. Mr D has told us that he was coached when answering questions related to the payments he made. The evidence provided by Mr D also appears to show the use of screen sharing software.

In addition to the above Mr D took several loans to fund the scam. Mr D has confirmed that he didn't give correct reasons when applying for the loans.

With the above in mind, I think it's clear that Mr D was being guided by X and was willing to give dishonest answers to have payments made. Mr D was also willing to ignore warnings provided to him by his other account providers.

Providing dishonest information would and did make it very difficult for Mr D's account providers to uncover the scam that was taking place.

Considering what Mr D told his other account providers when they intervened on payments, I think it is unlikely that Lloyds could have revealed the scam had they intervened and asked Mr D more detailed questions about the payments listed above.

So, I don't think Lloyds missed an opportunity to prevent payments from being made and it is not responsible for P's loss.

Mr D has stated that he was vulnerable at the time the scam was taking place. He is an elderly man with various health conditions. I have thought about what Mr D has told us but as Lloyds was not aware of Mr D's health conditions until he reported the scam, I am unable to say that Lloyds should have taken these into consideration.

I also don't think Mr D's age alone would reasonably have caused Lloyds to have concerns. Mr D was able to discuss the payments at length with his account providers, and I can't see anything that would have concerned Lloyds that Mr D's age was negatively impacting his ability to make reasonable decisions.

I understand Lloyds did decide to refund some of the funds lost by P. For the reasons I have already explained above this refund is more than anything I could reasonably ask Lloyds to do.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 9 January 2026.

Terry Woodham
Ombudsman