

The complaint

Ms L is being represented by solicitors. She's complaining about Lloyds Bank PLC because it declined to refund money she lost as a result of fraud.

What happened

Sadly, Ms L fell victim to a cruel romance scam after she met someone online. Between June 2019 and August 2024, she used her Lloyds account to make over 150 payments to the scammer using different third-party payment processors.

Our investigator didn't recommend the complaint be upheld. As the payments were spread out over a long period and most were for low amounts, he didn't think Lloyds had any particular reason to suspect she may be falling victim to a scam.

Ms L didn't accept the investigator's assessment. Her representative argues that Lloyds should have identified the pattern of payments was unusual, particularly as many of them occurred while her account was overdrawn. It also says Lloyds failed to take account of her vulnerability and that it could have made greater efforts to recover her money.

The complaint has now been referred to me for review.

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 overall conclusions as the investigator. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

There's no dispute that Ms L authorised these payments. In broad terms, the starting position at law is that a bank is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Lloyds also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This

includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Lloyds acted fairly and reasonably in its dealings with Ms L.

The payments

I must take into account that many similar payment instructions Lloyds receives will be entirely legitimate and I also need to consider its responsibility to make payments promptly. Having considered what it knew about the payments at the time, I'm not persuaded it ought to have been concerned about them. In particular, the amount involved were generally low, with only a handful exceeding £1,000. Further, they were spread over a period of more than five years and made using a range of payment processors. While some of the payments were made while Ms L's account was overdrawn, I don't think this should necessarily have been seen as an indicator that she may be at risk of harm from fraud.

Ms L's representative has explained that she experiences issues with her mental health and I wish her the very best as she continues to deal with this situation. But in the context of her complaint, Lloyds has provided evidence from its records showing it wasn't made aware of this before the scam was reported. As such, it's not something I could reasonably expect it to have taken into account when considering whether to accept her payment instructions.

Based on the circumstances of this case, I don't think there were sufficient grounds for Lloyds to suspect Ms L could be at risk of harm from fraud when she made the payments and I can't reasonably say it was at fault for processing them in line with her instructions.

Even if I were to conclude Lloyds should have shown more detailed scam warnings or contacted Ms L to discuss the payments, it's not clear this would have been successful in breaking the scammer's spell and stopped her from wanting to go ahead with them. It appears she genuinely believed she was in a romantic relationship with the scammer to the extent that she travelled great distances on multiple occasions with the aim of meeting them, which I understand she did on one occasion.

I want to be clear that it's not my intention to suggest Ms L is to blame for what happened in any way. She was under the spell of a scammer who was clearly adept at manipulating victims. I can understand why she acted in the way she did. But my role is to consider the actions of Lloyds and, having done so, I'm not persuaded these were the cause of her losses.

In more recent correspondence, Ms L's representative has also expressed concern about how Lloyds handled a call with her after the scam was reported. While not relevant to my views on whether the scam should have been stopped, I did ask the bank to provide a recording of this conversation but it said it had no records of a call with her around the date mentioned so I've not been able to comment on that here. In any event, it doesn't appear this point was raised with the bank previously so if Ms L wants to pursue it, she would need to raise a separate complaint with Lloyds in the first instance.

Recovery of funds

I've also looked at whether Lloyds could or should have done more to try and recover Ms L's losses once it was aware the payments were the result of fraud.

A small number of the payments were transfers but Ms L wouldn't be liable for mandatory reimbursement as they went to an overseas account via legitimate third parties. I'm also

mindful that Lloyds wasn't told about the scam until sometime after the payments were made. It's a common feature of scams that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery and I don't think anything that Lloyds could have done differently would likely have led to her money being recovered successfully after this period of time.

The remaining payments were card payments so I've considered whether Lloyds should have tried to recover the money through the chargeback scheme. This is a voluntary agreement between card providers and card issuers who set the scheme rules and is not enforced by law. A chargeback isn't guaranteed to result in a refund, there needs to be a right to a chargeback under the scheme rules and under those rules the recipient of the payment can defend a chargeback if it doesn't agree with the request.

In this case, most of the payments fell outside the normal time period for a chargeback claim to be made. For the rest, I'd only have expected Lloyds to have raised a chargeback claim if it was likely to be successful and it doesn't appear that would have been the case here. The payments went via accounts with legitimate payment processors and they provided the service requested, that of collecting Ms L's money and sending it to the account she specified (albeit the account details were provided by the scammer). Ms L's disagreement is with the scammer, not the payment processors, and it wouldn't have been possible for Lloyds to process a chargeback claim against the scammer as she didn't pay them directly.

I note Ms L's representative says Lloyds could have pursued recovery more rigorously but I'm not persuaded there was anything more it could do in the circumstances that would have been likely to make a difference to the outcome.

In conclusion

I recognise Ms L has been the victim of a cruel scam and I'm sorry she lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I think Lloyds broadly acted fairly and reasonably in its dealings with her and I won't be telling it to make any refund.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before .

James Biles
Ombudsman