

The complaint

Mr B complains that Lloyds Bank PLC won't refund the money he lost when he was the victim of what he feels was a scam.

What happened

During 2021, Mr B met two women on an online dating website. He initially paid them for explicit photos and videos, which they sent to him. But the women then started asking him for money to help with everyday expenses, such as food and bills, as well as with more serious expenses, including hospital treatment and funeral costs. Mr B says he agreed to send money to them, on the understanding that they would pay him back. And, over the next year and a half or so, Mr B sent the two women a total of just over £40,000. But the women didn't pay him back and, after visiting an address he had been given for one of the women and being told she didn't live there, Mr B reported the payments he had made to Lloyds as a scam.

Lloyds investigated but said it believed this was a private civil dispute between Mr B and the women. It said he had willingly agreed to send money to the women and there had been a breakdown in their relationships when the women hadn't paid him back. So it didn't agree to refund the payments Mr B had made. Mr B wasn't satisfied with Lloyds' response, so referred a complaint to our service.

One of our investigators looked at the complaint. They said Mr B has agreed to help both women by lending them money, and that we hadn't seen evidence to suggest the money wasn't used as he'd intended. They felt this was a civil dispute about the repayment of the money, and so didn't think Lloyds should have to refund the money Mr B had lost. Mr B disagreed with our investigator, so the complaint has been passed to me.

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 don't think it would be fair to require Lloyds to refund the payments Mr B made to the two women. I'll explain why below.

Banks are expected to make payments in line with their customers' instructions. And Mr B accepts he made the payments here. So while I recognise he now feels he has been scammed by the women he was sending the money to, he did authorise the payments. And so the starting position in law is that Lloyds was obliged to follow his instructions and make the payments. So Mr B isn't automatically entitled to a refund.

There are certain activities banks are expected to carry out to try to protect their customers from falling victim to scams, and certain protections in place for customers who do fall victim to scams. Lloyds is a signatory of the Lending Standards Boards Contingent Reimbursement Model (the CRM code). This requires firms to reimburse customers who have been the victim of certain types of scams, in all but a limited number of circumstances. But customers

are only covered by the code where they have been the victim of a scam – as defined in the code.

The CRM code defines a scam as where a customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person. Or where the customer transferred funds to another person for what they believed were legitimate purposes but were in fact fraudulent.

The CRM code also says that it doesn't apply to private civil disputes, such as where a customer has paid a legitimate supplier for goods or services but has not received them, they are defective in some way, or the customer is otherwise dissatisfied with the supplier.

Mr B has mentioned other definitions of a scam, including those from specific legislation. But, when assessing Lloyds' obligations and responsibilities here, I think the relevant definition and test is the one I have set out here from the CRM code.

So in order to determine whether Lloyds should refund the money Mr B lost under the CRM code, I need to consider whether he has been the victim of a scam – or, in other words, whether Mr B was dishonestly deceived about the purpose of the payments to the point where he and the women intended different purposes for the payments and the women set out from the beginning with the intent to defraud him.

I've thought very carefully about this and I think it's a finely balanced matter in this case. But where the evidence available is unclear or inconclusive, I must make my decision on what I think is likely to have happened, based on the evidence I do have.

I've seen copies of some of the messages between Mr B and the women he sent the payments to. These show Mr B was initially speaking to both women about paying them to send him explicit photos and videos. And Mr B does appear to have been sent a number of photos and videos, so it doesn't appear that the women were operating a scam at this point.

The conversations with the women then progress independently but, broadly, they move to discussing the women's circumstances. And Mr B makes further payments during this time to pay for various everyday expenses including food and bills. Some of these payments are initiated by the women asking for money, but some are also initiated by Mr B offering to send them money. And the women say they will pay Mr B back for some of the payments he makes, but there are also some payments where there doesn't appear to be any suggestion that the women will pay him back or where Mr B suggests the women can send him more photos or videos in exchange.

Mr B appears to have made these payments willingly when asked, or suggested making the payments himself. I haven't seen anything to suggest Mr B was significantly pressured into making these payments. And I haven't seen anything to suggest the funds weren't used to pay for the everyday expenses the women mentioned. So I don't think the evidence here suggests that Mr B was deceived into making these payments. I think it's likely he made these payments willingly, in order to maintain his relationship with the women and continue communicating with them.

Mr B also occasionally blocks contact from the women, but then unblocks them again and continues talking to them and sending them money. And he does this for significant periods of time even after it has become clear, and he has acknowledged, that they have not paid him back earlier amounts they agreed to. So I think this also suggests that Mr B made the payments in order to maintain his relationship with the women and continue communicating with them, rather than because of any specific purpose the women would use the funds for or any understanding that he would be paid back.

I accept that the circumstances the women told Mr B they were in became more serious and less plausible later in their conversations. And I appreciate that Mr B has said he has found evidence on social media that what one of the women told him about needing hospital treatment wasn't true. But it's not possible for me to speak with or cross-examine the women, and so it's not possible for me to be certain how the funds were being spent or that they weren't spent as Mr B was told.

And, as I said above, regardless of what the women said the payments were for, I think Mr B would have continued to make them for the purpose of maintaining his relationship with them and continuing to communicate with them.

I appreciate how Mr B feels about this case, and that he sent the women a significant amount of money on the understanding they would pay him back. I also fully accept that he now regrets the payments he made to the women and, given the amount of money involved, I think it's understandable that he feels he has been the victim of a scam. But I must make a decision on what I think is most likely to have happened. And, based on the evidence I've seen, I don't think I can safely conclude that he has been the victim of a scam here.

While I think the evidence suggests he thinks the women owe him money and that they said they would pay him back but then continually delayed doing so, I don't think it shows that the women deceived Mr B about the purposes of the payments or that any deception affected Mr B's intended purpose for the payments. I think it's most likely this is a personal dispute between him and the women he sent the payments to, following the breakdown of the relationships between them – which doesn't meet the definition of a scam from the CRM code.

So I don't think the payments Mr B made to the women are covered under the CRM code, or that Lloyds should be required to refund the money he lost.

Mr B has mentioned policies and standards that Lloyds may be expected to meet in relation to scams in the future. But as these policies and standards were not in place at the time and do not apply to the payments he made here, I don't think it would be fair to require Lloyds to meet them in relation to these payments.

I sympathise with the position Mr B has found himself in, and I'm in no way saying he did anything wrong or that he doesn't have a legitimate grievance against the women he sent the payments to. But I can only look at Lloyds' responsibilities and, for the reasons I've explained above, I don't think it would be fair to hold Lloyds responsible for the money Mr B says he has lost.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 29 March 2024.

Alan Millward
Ombudsman

