

The complaint

Mrs R complains that Lloyds Bank PLC have not refunded the £900 she lost as part of a scam.

What happened

Mrs R had been having issues with her electricity and had a power outage a few days prior to the scam, which was stressful due to her partner's medical issues. She'd also been having problems with her television box provided by a company I'll call 'X'. She had been trying to get in contact with X earlier that day, so when she received a phone call from an individual claiming to be from X, she did not question this. They explained that her router, which was also provided by X, needed to be replaced and Mrs R had to pay for the replacement and the installation costs which would be £900. But she was told she would receive a refund of this, plus an additional £200 from a third-party, at a later date.

Mrs R made the payment on 6 July 2023 but realised afterwards that she had been the victim of a scam. She raised a claim with Lloyds and they attempted to recover the funds from the beneficiary bank, however they confirmed none remained.

Lloyds assessed Mrs R's claim under the Lending Standard Boards Contingent Reimbursement Model ("CRM") Code but did not find that she was due reimbursement. This is because they felt she had not met her obligations under the code as she did not have a reasonable basis to believe she was paying for genuine goods/services or that she was making the payment to the individual she was expecting to pay. And they felt they had met their requirements under the code. Mrs R referred the complaint to our service.

Our Investigator looked into the complaint and agreed with Lloyds' assessment. They felt that Mrs R should reasonably have had concerns over who was calling her and who she was making the payment to, so they didn't think she met her requirements under the code. They also felt Lloyds had provided a warning relevant to the information Mrs R gave them, and that the payment itself did not warrant additional checks by them prior to it being processed. So they agreed Lloyds had met their requirement under the code. With this in mind, they did not think Lloyds needed to reimburse Mrs R.

Mrs R disagreed and reiterated that she was panicked at the time of the call as she had been trying to get through to X and was concerned there would be another power cut.

As an informal agreement could not be reached, the complaint has been passed to me for a final decision.

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.

The starting point in law is that Mrs R is responsible for any payments she's authorised herself. However, the CRM Code requires a firm to reimburse victims of authorised push

payment scams that fall under its provisions, unless a firm can demonstrate that one of the exceptions to reimbursement apply. In this case, Lloyds says that Mrs R lacked a reasonable basis for believing that she was dealing with a legitimate representative from X. Having carefully considered this, I agree that Mrs R has not met her obligations under the code in this aspect. I'll explain why in more detail.

Mrs R had been trying to get in touch with the genuine company X around the same time as the scam call, which is why she did not question the legitimacy of the caller.

Mrs R has said that the scammer did not provide any information about her or her account with X, and they did not ask for the password which she had set up which would normally be requested during conversations. And she said she had some doubts during the call as £900 was a large amount for a router. With this in mind, I think it can reasonably be said that she was questioning the legitimacy of the phone call and the scammer. And I think this was further strengthened by the fact she made the transfer of £900 to an account in the name of an individual, as opposed to the name of X which should have also been a warning to her.

In addition, the scam itself was not particularly sophisticated or persuasive and there were a number of gaps in the narrative of it. Mrs R has not said that she questioned why the router needed replacing or if it was linked to the power outages at all. She only questioned the cost of the router itself.

I've also considered Mrs R's comments that she was panicked at the time of the phone call. I appreciate Mrs R being able to share this with us and I'm sorry she experienced this. I can see she had been stressed in the days leading up to the scam call as there were issues with her electricity, which negatively affected her husband's medical conditions. And she's said she was panicked on the call as she was worried the electricity would trip again.

While I appreciate Mrs R was worried, there were no issues with her router, so there was no time pressure for her to replace this. And the scam itself wasn't related to the electrical issues she had been facing in the run up to it and I don't think it would be reasonable for Mrs R to assume that they were connected. Ultimately, I don't think this affected her having a reasonable basis for believing she was dealing with the legitimate company of X.

Having considered all of the circumstances of the scam, I think Mrs R lacked a reasonable basis for believing she was legitimately dealing with X and that the payment she made was actually going to X. So, I think she failed to meet her obligations as set out by the CRM code.

Lloyds also has obligations under the CRM Code. If it fails to meet those standards in relation to a particular payment, or series of payments, and that failure would have had a material effect on preventing the scam then it may be responsible for partially reimbursing its customer. So I've considered this further.

Lloyds should provide an effective warning where they identify a potential scam risk during a payment journey. So I've considered whether Lloyds should reasonably have provided an effective warning in the circumstances. In this case, the payment was only for £900, so it would not be considered a high value payment. It was not significantly higher than other payments genuinely made on the account, and it was a stand-alone payment, so on balance I don't think this reasonably warranted a general warning to be provided by Lloyds.

I note that Lloyds did attempt to recover Mrs R's funds from the beneficiary bank in a timely manner, once it was made aware of the scam. But unfortunately, none remained. On balance, I think Lloyds acted promptly in trying to recover the funds so I don't think it has made an error in the circumstances.

My final decision

I do not uphold Mrs R's complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 22 March 2024.

Rebecca Norris
Ombudsman