

## The complaint

Mr A and Mrs G have complained that Lloyds Bank PLC (“Lloyds”) have failed to refund the money Mr A lost as part of an investment scam.

Mr A has been the main driver of this complaint and seems to be the person that interacted with the scammer. So I will mostly refer to him going forward, even though the current account affected was a joint account.

## What happened

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In summary though, Mr A fell victim to a fake job scam. I will call the scammer ‘B’. B told Mr A that he would be paid for completing a number of tasks, but he would have to send funds to B via a crypto exchange to “boost” these tasks. Mr A started sending funds in July 2022 from a different account. He then started using funds from his Lloyds account. Some of the funds were sent via an account he held with a separate current account provider and some of the funds were sent directly to a crypto exchange. The payments were a mixture of debit card payments and transfers. This was partially funded by a £25,000 loan that Mr A took out with Lloyds, though he said that the loan was to purchase a vehicle.

In total Mr A sent over £34,000 from his Lloyds account to B between 22 August 2022 and 8 September 2022.

On 25 August 2022, Mr A contacted Lloyds to say that he had been scammed. He said that he had contacted the legitimate company B purported to be the English affiliate of, and had received information by the CEO of the legitimate company that B was not a real company and was in fact a scam. In this call Lloyds also told Mr A that B was a scam based on an internet search it did whilst he was on the call. Lloyds also told Mr A that it could not refund him the funds.

After this point Mr A kept on being told by B that he could withdraw his funds if he sent further funds to it. So he carried on sending funds until, at a certain point, he realised that he was never going to receive his money back from B.

Mr A asked Lloyds to refund these payments as he believes Lloyds should have done more to prevent him from being scammed. Lloyds did not agree with this.

One of our investigators looked into this matter and he thought that Lloyds had provided suitable warnings and Mr A wanted to proceed with the payments. So he did not think that Lloyds could have stopped the scam. So he did not uphold this complaint.

Mr A did not agree with this and therefore his complaint has been passed to me to issue a 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.

It isn't in dispute that Mr A authorised the disputed payments he made from his Lloyds account. The payments were requested by him using his legitimate security credentials provided by Lloyds, and the starting position is that Lloyds ought to follow the instructions given by their customers, in order for legitimate payments to be made as instructed.

However, I've considered whether Lloyds should have done more to prevent Mr A from falling victim to the scam, as there are some situations in which it should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character.

In this instance, I think that Lloyds should have intervened on 22 August 2022 when Mr A sent 6 payments in one day to his account with a different provider and 3 payments directly to the crypto exchange.

As it did not intervene, I need to consider whether a more appropriate intervention would have stopped the scam. In this instance, three days later, Mr A was aware that he was being scammed and was told so both by the CEO of the company B was pretending to be affiliated to and by Lloyds. Yet despite this Mr A chose to continue to send payments to B. I understand why Mr A did this, as he was clearly desperate to get his money back. But due to this I don't think that an earlier warning or intervention three days earlier by Lloyds was unlikely to have stopped Mr A from sending funds to B.

I also don't think that a later intervention would have stopped the scam. I have listened to intervention calls that Lloyds made later in the scam and during these calls Mr A misled Lloyds as to what he was doing saying that he was acting alone and had not taken advice from anyone else and that he was sending payments in multiple parts because he forgot how much he wanted to send. This coupled with him carrying on sending payments after he knew he was being scammed mean that though I think that Lloyds should have intervened more than it did I don't think an intervention would have prevented the scam.

I've also thought about whether Lloyds could have done more to recover the funds sent to B after Mr A reported the fraud. Lloyds are under no obligation to refund the money to Mr A under the Contingent Reimbursement Model (CRM) Code. This is because the Code does not apply to transfers which the payer has effectively made to themselves i.e. into an account in their own name. I also don't think that a chargeback would have been successful for the debit card payments as the payments were essentially to send funds from one account of Mr A's to another this is what happened and therefore he got what he paid for.

I appreciate this will likely come as a disappointment to Mr A and Mrs G, and I'm sorry to hear they have been the victim of a cruel scam. However, I'm not persuaded that Lloyds can fairly or reasonably be held liable for this loss in these circumstances.

## **My final decision**

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Mrs G to accept or reject my decision before 13 August 2024.

Charlie Newton  
**Ombudsman**