

The complaint

Mr V complains about Lloyds Bank PLC.

He says that Lloyds didn't do enough to protect him when he became the victim of a scam and would like Lloyds to refund him the money he has lost.

What happened

Mr V received a message via WhatsApp from an individual offering him a job opportunity in task based online work.

Mr V was interested in the opportunity as a way to earn more money for hm and his family. It was explained to Mr V that he would need to purchase tasks with cryptocurrency and would then earn commission.

However, when Mr V went to withdraw his supposed commission, he was told that he needed to pay more money in order to access his funds. Mr V paid this initially but was then told that more was due – and eventually that he needed a PIN which he would have to pay for too.

Mr V's account with Halifax was then blocked, due to suspicious transactions – and on speaking with it he realised that he had been the victim of a scam. He then contacted Lloyds to explain what had happened and make a complaint.

By this time, Mr V had made the following payments from his account with Lloyds.

Date	Payee	Payment type	Amount
29 August 2023	Binance	Card	£115.00
1 September 2023	Binance	Card	£458.94
11 September 2023	Binance	Card	£294.32
11 September 2023	Binance	Card	£700
11 September 2023	Binance	Card	£700
19 September 2023	Binance	Card	£1,221.96
19 September 2023	Binance	Card	£1,870
20 September 2023	Binance	Card	£1,000
25 September 2023	Binance	Card	£1,100
25 September 2023	Binance	Card	£1,100
25 September 2023	Binance	Card	£493
27 September 2023	Binance	Card	£644
		Total	£9,697.22*

*Mr V has said that some of this money was given to him by an individual, so it is not all his loss – however, these are the payments made to the scam from his account.

Lloyds didn't uphold his complaint, so Mr V came to this Service.

Our Investigator looked into things but didn't think that the complaint should be upheld. They

explained that they didn't think that the payments Mr V made as part of the scam were sufficiently uncharacteristic or unusual for Lloyds to have been concerned about what was going on – and so it didn't miss an opportunity to intervene.

Mr V asked for an Ombudsman to consider the complaint – so it 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've decided not to uphold Mr V's complaint for broadly the same reasons as our Investigator. I know this will be disappointing for Mr V, so I'll explain why.

It isn't in dispute here that Mr V has been the victim of a scam and has lost money as a result. However, even when it is clear that a scam has taken place, and an individual has been tricked out of their money, it doesn't necessarily follow that a business will need to refund the money that has been lost.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider having been good industry practice at the time.

In broad terms, the starting position at law is that a banks, electronic money institutions (EMI's) and other payment service providers (PSP's) are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (PSRs) and the terms and conditions of the customer's account.

Mr V authorised the payments in question here – so even though he was tricked into doing so and didn't intend for his money to end up in the hands of a scammer, he is presumed liable in the first instance.

But this isn't the end of the story. As a matter of good industry practice, Lloyds should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider having been good industry practice at the time, I consider Lloyds should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some

cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

In this case, I need to decide whether Lloyds acted fairly and reasonably in its dealings with Mr V when he authorised payments from his account or whether it could and should have done more before processing the payments.

Having considered the payments Mr V has made, I'm afraid I don't think that any of the payments Mr V made were significantly unusual or uncharacteristic enough for Lloyds to have first got in touch with him before processing the payments on his request.

I know that Mr V considers that they payments are unusual considering his usual spending pattern, but as I've explained above, there is a balance to be struck – and it is not reasonable for Lloyds to be involved in every transaction a customer makes, and I don't consider the amount of these payments to be high enough for Lloyds to had concerns that Mr V was at risk of financial harm.

While I understand the payments were being made to a crypto exchange, not every payment made to crypto is as a result of a scam. And Mr V has made a payment to a crypto exchange previously.

I am very sorry for the situation Mr V now finds himself in – I know that he acted in good faith and has lost a lot of money as a result of a cruel scam which has left him feeling depressed and vulnerable – but this is the fault of the scammer themselves, and I can't ask Lloyds to refund Mr V when I don't think that it has done anything wrong.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 4 April 2024.

Claire Pugh
Ombudsman