

The complaint

Ms T complains that Lloyds Bank PLC (Lloyds) won't refund money she lost in a romance scam.

What happened

What Ms T says:

Ms T met someone on Facebook. She had recently gone through a divorce and lost her daughter as well, so she was vulnerable. The person she met was French and seemed friendly and the conversations developed from friendship into what Ms T believed was a romantic involvement. They shared phone numbers and corresponded on WhatsApp.

The scammer shared details of his personal life and they communicated daily, exchanging phone calls and videos.

After a time, the scammer said he needed to pay legal fees in connection with his late father's estate. He needed a loan to do that in order to release the funds. He said he would repay Ms T. Ms T sent the money to him. He then said he needed more money to pay his daughter's medical fees; and then some hotel costs. At each stage, the scammer showed what appeared to be evidence of the medical fees and the payments he made. He gave Ms T access to his bank account – to show he was apparently genuine.

When the scammer asked for another £2,000, Ms T refused, and the scammer then turned to intimidation – he made death threats to Ms T and her family and threatened to send explicit pictures of Ms T to her mother and put them online. As a result, Ms T sent more money. She tried to block his number but he found ways to continue to contact and harass her.

Ms T made the payments to an account in her name with a third-party payments firm 'A'; and from that account, made payments to various payees:

Date	Payment	Amount
22 July 2021	Money transfer firm A – Visa card	£435.14

22 July 2021	Money transfer firm A – Visa card	£2
23 July 2021	Money transfer firm A – Visa card	£20.06
4 August 2021	Money transfer firm A – Visa card	£10
5 August 2021	Money transfer firm A – Visa card	£1,711
13 August 2021	Money transfer firm A – Visa card	£852
20 August 2021	Money transfer firm A – Visa card	£432
20 August 2021	Money transfer firm A – Visa card	(£432)
20 August 2021	Money transfer firm A – Visa card	£432
23 August 2021	Money transfer firm A – Visa card	£260
26 August 2021	Loan	(£12,000)
27 August 2021	Money transfer firm A – Visa card	£5,189
31 August 2021	Money transfer firm A – Visa card	£20
31 August 2021	Money transfer firm A – Visa card	£2,900
31 August 2021	Money transfer firm A – Visa card	£4,305
31 August 2021	Money transfer firm A – Visa card	£500
10 September 2021	Money transfer firm A – Visa card	£440
29 September 2021	Money transfer firm A – Visa card	£365
6 October 2021	Money transfer firm A – Visa card	£365
13 October 2021	Money transfer firm A – Visa card	£270
26 October 2021	Money transfer firm A – Visa card	£2,545
26 October 2021	Money transfer firm A – Visa card	(£2,545) refund
27 October 2021	Money transfer firm A – Visa card	£2,543
12 November 2021	Money transfer firm A – Visa card	(£270) refund
13 December 2021	Repay loan	(£11,232) repay loan
13 December 2021	Money transfer firm A – Visa card	£180
Total payments (net of refunds)		£20,529.20

Ms T then reported the scam to a branch of Lloyds. And then complained to Lloyds in November 2023 – through a third-party claims firm.

As a result of the scam, Ms T has been left devastated, emotionally drained and she's lost all trust in others. She borrowed money on a loan to fund the payments – since repaid.

Ms T said Lloyds should've done more to protect her but didn't intervene. She says the payments should be refunded plus interest at 8% per annum and compensation of £300.

What Lloyds said:

In December 2023, Lloyds said Ms T made the payments to firm A, then then to various payees. Lloyds didn't refund any money. The bank said Ms T should've done more to ensure the person was genuine before making the payments.

Our investigation so far:

Ms T brought her complaint to us through the third-party claims firm. Our investigator didn't uphold the complaint. She said:

- Lloyds should've intervened in the payment of £5,189 on 27 August 2021. But – Lloyds' records didn't go back that far and so the bank couldn't say if they did or didn't intervene.
- Ms T visited the branch of Lloyds on 7 December 2021. And from there, called Lloyds' fraud team. Our investigator was satisfied that on the call, Ms T was advised the payments in question were part of a scam and she was clearly told that. But she still went ahead and made the further payment of £180 on 13 December 2021.
- So, based in that, she said it was unlikely that had Lloyds intervened earlier, they wouldn't have broken the scammers spell.

Ms T didn't agree. She argued that the spell would have been broken had Lloyds intervened. She asked that an ombudsman look at her complaint and so it has come to me to do that.

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.

I'm sorry to hear that Ms T has lost money in a cruel scam. It's not in question that she authorised and consented to the payments in this case. So although Ms T didn't intend for the money to go to a scammer, she is presumed to be liable for the loss in the first instance.

So, in broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what is fair and reasonable in this case.

But that is not the end of the story. Taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have 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.

I need to decide whether Lloyds acted fairly and reasonably in its dealings with Ms T when she made the payments, or whether it should have done more than it did. I have considered the position carefully.

The Lending Standards Board Contingent Reimbursement Model Code (CRM Code) provides for refunds in certain circumstances when a scam takes place. But – it doesn't apply in this case. That is because it applies to faster payments made to another UK beneficiary – and in this case, the payments were made to Ms T's own account with firm A, and by debit card. So the CRM code doesn't apply here.

The first consideration here is: if the payments were of a sufficient size and were out of character with how Ms T normally used her account – then we would expect Lloyds to have intervened and spoken to her about what was going on.

I looked at Ms T's account, and it's fair to say the payments were out of character for her. In the six months up to July 2021, there were only two small low value payments made.

But equally, there's a balance to be made: Lloyds has certain duties to be alert to fraud and scams and to act in their customers' best interests, but they can't be involved in every transaction as this would cause unnecessary disruption to legitimate payments. In this case, I think Lloyds acted reasonably in processing the first nine payments, as they were of a low value.

But – when the payment of £5,189 was made on 27 August 2021, I think it's reasonable that Lloyds should then have questioned what was happening.

In their submissions to us, Lloyds said they didn't have any record of whether they made an intervention or not – the records do not exist. Ms T has said she has no recollection of such an intervention or call, so I must assume on the balance of probabilities, that no intervention was made.

And – if it has been made, would it have had an effect on the payments Ms T made then and after that date?

We asked Ms T for any evidence of the scam, including the WhatsApp messages and any correspondence – and she cannot provide anything. She says she deleted everything.

So, there is a lack of information from both sides here in this case. The only certain evidence I have are calls between Lloyds and Ms T on 6 December 2021 and 7 December 2021 – which of course was late in the scam.

I listened to the calls – those on 6 December 2021 dropped out and don't give any meaningful information. But the call on 7 December 2021 is helpful. On it, Ms T said she'd

likely been scammed and described the circumstances of how she came to meet the scammer. Lloyds' call adviser then said (when she suggested viewing a video on romance scams in the branch) *"I think you kind of know yourself now that it's not genuine. Would I be right in saying that?"*

Ms T replied *"Yes, I know I have been foolish but I know that I can't send any more money"*.

The call advisor then asked Ms T if she would send any more money - three times. And each time, Ms T said *"no, I won't"*.

The call advisor said *"No matter what else he tells you, take it all with a huge spoonful of salt...these people make a living out of this...they will pull on your heart strings...they will make it sound really believable...as long as we are sure that you won't send any more money to him...I don't need to refer you to branch again...and you realise this is a scam now and you won't be sending any further money"*.

Ms T replied again *"No, I know, I won't"*.

Ms T later asked the call advisor *"what happens if he is genuine, what if he is true to what he is saying?"*.

The call advisor responded *"I can't see any way that he's going to be genuine...you've not even seen him twice....why would that be"*. Ms T explained that the scammer's camera was broken but they did send messages.

So, what I take from this call - is that while Lloyds advised Ms T that this was clearly a scam, she was still unsure that was the case or not. It appears that Ms T may have wanted to believe that the man she was in a 'relationship' with was genuine.

And then – despite what Lloyds had told her, and that Ms T said she wouldn't send any money, I can see that Ms T made a further payment of £180 later, on 13 December 2021. This is therefore strong evidence that even if Lloyds had intervened earlier (on 27 August 2021 – the payment of £5,189) – then it's unlikely that they could've broken the spell Ms T was under, and she would likely have gone ahead anyway.

Therefore I do not hold Lloyds liable to refund the money here.

Recovery: We expect firms to quickly attempt to recover funds from recipient banks when a scam takes place. I looked at whether Lloyds took the necessary steps in contacting the bank that received the funds – in an effort to recover the lost money. I couldn't see that they'd contacted firm A at the time. But I'm persuaded that had they done so, no funds would've remained – as she'd moved the money immediately to the scammer's accounts.

Ms T has lost a lot of money and at a difficult time in her life. I'm sure this must have been upsetting for her. She will therefore be disappointed by my decision, but I'm not going to ask Lloyds to do anything here

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 26 July 2024.

Martin Lord
Ombudsman