

The complaint

Mr V complains Lloyds Bank PLC didn't do enough to protect him when he fell victim to a job scam.

What happened

Mr V has an account with Lloyds Bank and an account with another business – an electronic money institution – who I'll refer to as "W" throughout the rest of this decision. He's been a customer of Lloyds Bank since 2014.

Mr V says he was looking for work when he received a message from someone claiming to be from a recruitment company asking him if he'd be interested in a job where he'd earn commission and a daily income. Mr V says he expressed interest, and the following day was contacted by another woman who said she'd show him how to do the job amongst other things. Mr V says he checked online and saw the company offering the opportunity was legitimate and says that its website appeared to be professional and genuine.

Mr V says the woman he spoke to showed him how to make cryptocurrency purchases and how to top up his account on the platform on which he was meant to complete tasks. He says they also recommended he open an account with W saying it was easier to buy cryptocurrency using them. And he says he was given training and onboarded. Mr V says the first payments he made were small and that he was able to withdraw his profits from the platform on day one and two. On day three, however, he says he started being asked to make increasingly large payments onto the platform in order to complete tasks – but equally he was told he'd earn much more commission. He says he realised he'd been scammed when he was told he'd need to make a payment of around £20,000 in order to complete his tasks for that day which he was told he needed to do in order to withdraw his earnings.

Mr V called Lloyds Bank on 7 January 2023 to say he believed he'd been scammed. He says Lloyds Bank told him that some of his more recent payments were showing as pending as far as his Lloyds Bank's account was concerned, and that if he was able to get codes for the payments he'd received into his account with W then it might be possible to reverse the pending payments. Mr V says he contacted W and ultimately got the codes, but Lloyds Bank wasn't able to get any of his payments back. Mr V complained to Lloyds Bank – and to W – with the help of a representative saying that it should have done more to help.

Lloyds Bank looked into Mr V's complaint and said that the payments he'd made were to an account in his own name and that it had, therefore, had no cause for concern. So, it couldn't offer a refund. Mr V was unhappy with Lloyds Bank's response, so complained to us.

One of our investigators looked into Mr V's complaint and said that Lloyds Bank should have had concerns when Mr V sent his fifth payment to W as his payments were by then unusual compared to his normal account usage. Our investigator said that had Lloyds Bank intervened at that stage, the scam would have come to light and Mr V would have avoided further losses. Our investigator also said that Mr V – and W – should share responsibility too. So, they recommended that Lloyds Bank refund 33% of the last two payments Mr V made to his account with W – in other words, £3,209.60 and £5,275.85 – together with 8% simple

interest from the date of payment to the date of settlement.

Both parties disagreed with our investigator's recommendations. Lloyds Bank said that the payments out of Mr V's accounts weren't unusual when compared to his normal usage, so it shouldn't be held liable at all. Mr V's representatives said that it was unfair to say that he'd been contributorily negligent as this was a sophisticated scam. So, they didn't agree that liability should be shared. Mr V's representatives also said that our investigator hadn't taken into account the fact that Lloyds Bank had said it would be able to recover some of the payments he'd made as they were showing as pending at the time. Both parties, therefore, asked for this complaint to be referred to an ombudsman for a decision. Mr V's complaint was, as a result, passed on 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.

Last month I issued a provisional decision in which I said I wasn't minded to require Lloyds Bank to refund any of the payments made as I didn't think they were unusual enough to trigger an intervention, but I was minded to award £250 in compensation because of the unnecessary trouble Lloyds Bank had put Mr V to when it suggested getting codes from the bank that received the payments so the transfers could be reversed. Lloyds Bank agreed to my provisional decision and offered to pay Mr V £250 in compensation. Mr V's representatives didn't say that the payments I'd mentioned in my provisional decision were entirely different in nature from the scam payments. They said that the payments I mentioned were to extremely low risk payees, repaying a loan he'd received from a business he's a partner in and resending a payment to a low risk payee that had been returned for a technical reason. They also said the payments I'd mentioned were for round figure sums whereas the scam payments were for very specific amounts, sent to an unestablished payee, increased in size in line with a cryptocurrency scam and was to an electronic money institution and also reduced the account balance right down.

In my provisional decision I said the following:

"In this case there appears to be little, if any, dispute that Mr V has fallen victim to a job scam. He sent six payments from his Lloyds Bank account to an account with W that the scammer encouraged him to set up – in other words, a newly opened account – over a period of three days. He then bought cryptocurrency using his account with W and transferred the cryptocurrency he bought to wallets that everyone appears to accept were, in fact, wallets controlled by the scammers. He realised he'd been scammed when he was told he'd need to pay almost £20,000 to complete his tasks on the third day."

I also said:

"Our investigator thought the £3,209.60 and £5,275.85 payments Mr V made to his account with W should have been of concern to Lloyds Bank. In this case I don't agree. I say that because I can see that Mr V regularly made multiple payments in a short space of time, and often much larger payments, in the past to accounts in his own name. I can see, for example, that he regularly made multiple payments from his account for up to £25,000 in the months leading up to the scam. In December 2022 he sent payments totalling almost £75,000 to accounts in his own name. £55,000 of this was sent over two days in four separate payments. Because of this, I don't agree that any of the payments that Mr V sent to his account were unusual – either on account of the amounts involved or on account of the number of payments in a relatively short

period of time. That means I also don't agree that Lloyds Bank missed an opportunity to prevent Mr V from being scammed. So, I don't agree it would be fair to hold Lloyds Bank liable on that basis."

I agree with Mr V's representatives about a number of the points they make about why the scam payments were different in nature to the previous payments I mentioned in my provisional decision. And I agree, for example, that some of the factors they mention are factors we'd take into account when deciding whether or not a bank ought to have had concerns. For example, the size of the payments increasing and the number of payments being made. This is a finely balanced case. But, having considered everything again, including Mr V's representatives' comments, I remain of the view that given the account history, and given that these payments were also going to an account in Mr V's name, as well as the size of the payments he was making (only one was over £5,000 – just – but he also had a history of making much larger payments), that these payments weren't sufficiently unusual for Lloyds Bank to have intervened.

Putting things right

Lloyds Bank has agreed to pay the £250 compensation I recommended having accepted that it put Mr V to unnecessary trouble and upset. I remain of the view that this is a fair way to resolve this complaint. Our investigator had recommended that Lloyds Bank refund 33% of the last two payments Mr V made and that W refund 33% too. In other words, that Lloyds Bank and W shared responsibility. I'm considering Mr V's complaint against W and will take into account the fact that I'm not recommending Lloyds Bank share responsibility when saying what I think a fair outcome is in that complaint.

My final decision

My final decision is that I'm going to require Lloyds Bank PLC to pay Mr V £250 in compensation because of the unnecessary trouble Lloyds Bank put Mr V to.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 26 July 2024.

Nicolas Atkinson
Ombudsman