

The complaint

Mr H complains about Lloyds Bank PLC.

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

What happened

Mr H was researching online about purchasing a motorcycle, he came across an advert which appeared to offer two motorcycles of good condition and reasonable price. Mr H contacted the seller and was told that they had previous experience delivering motorcycles to the UK, and that delivery would be included in the price.

The sale was agreed, and Mr H made two payments –£993.43 on 16 February 2023 and £2,378.12 on 14 March 2023.

However, after the time for delivery had passed, Mr H questioned the seller who said the vehicles were in customs – but when Mr H asked for proof, the seller blocked him and Mr H realised he had been scammed.

Mr H made a complaint to Lloyds. He said that it should have intervened in the payments he was making and protected him from the scam. Lloyds didn't uphold his complaint.

Mr H then brought his complaint to this Service. Our Investigator looked into things but didn't think that the complaint should be upheld.

Mr H asked for an Ombudsman to make a final decision, so the complaint 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 this complaint. I know this will be disappointing for Mr H, so I'll explain why.

It isn't in dispute that Mr H has been the victim of a scam – however, even when an individual has lost money in this way, it doesn't automatically follow that their bank needs to reimburse them the funds they have 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 banks 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 H authorised the payments in question – 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.

Mr H also made the payments to the scammer by international transfer – so unfortunately, he does not enjoy additional protection as set out in the Lending Standards Board's Contingent Reimbursement Model (CRM) code, as the code does not apply to international payments.

The regulatory landscape, along with good industry practice, also sets out requirements for banks to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether the payments Mr H made should have prompted Lloyds to intervene with what he was doing and provide him a warning about the payments he was making or blocked the payments altogether.

Generally, banks are expected to act upon their customers' requests to make payments, however there are some circumstances where a bank should take further steps before acting on a request – although there is a balance to be struck and they can't reasonably be involved in every transaction.

Looking at the payments Mr H made, in my opinion, they weren't sufficiently unusual, uncharacteristic, or suspicious to reasonably say Lloyds should not have processed them without first getting in touch with Mr H to ensure they were legitimate and not related to a scam.

The payments were not large – and were spaced out over a month apart – and while the payments were international, this isn't enough to say that they are related to a scam – and it would not be reasonable to expect Lloyds to intervene in every payment made this way.

While I understand that Mr H hadn't used the account for some time prior to making the scam payments, I still don't think that the payments were at a level where Lloyds should reasonably have been expected to have had concerns he was falling for a scam.

Lloyds has also explained that after it was notified of the scam, it attempted to recover the funds from the receiving account, but nothing remained for it to recover. Mr H didn't report the scam for some time after it had happened, so I am not surprised that no funds were available to be retrieved, and I'm satisfied that Lloyds acted as soon as it was able to try and get Mr H's money back.

I am very sorry for the situation Mr H now finds himself in – I know that he has lost a lot of money and is rightfully upset by what has happened. But his losses were caused by the scammers themselves – not Lloyds. And I can't reasonably ask it to refund him when I don't think 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 H to accept or reject my decision before 14 August 2024.

Claire Pugh
Ombudsman