

## The complaint

Ms R is unhappy that Lloyds Bank PLC will not refund the money she lost as the result of an investment scam.

## What happened

Ms R has explained that in December 2021 she invested £250 with a company I'll call 'G'. She left the funds in the account to gain interest but wasn't interested in investing any further. Around May 2022, a representative of G called her to close the account but she was asked to make payments in order to withdraw the profits she'd earned.

Ms R was instructed by G's representative to open accounts with; a payment service provider I'll call 'W' and a crypto exchange provider I'll call 'B'. Ms R sent the following payments from her Lloyds current account to her account with W.

Transaction number	Date	Method of payment	Payee	Amount (£)	Running total
1	26 May 2022	Debit card	W	£2,256.75	£2,256.75
2	26 May 2022	Debit card	W	£2,256.75	£4,513.50
Total				<b>£4,513.50</b>	<b>£4,513.50</b>

When Ms R subsequently got in touch with Lloyds to explain she'd been scammed, Lloyds didn't reimburse her lost funds. Remaining unhappy, Ms R referred her complaint about Lloyds to this service. As our investigator couldn't resolve the matter informally, the case has been passed to me for determination.

## 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's common ground that Ms R authorised the scam payments in question here. She was tricked by the scammers into instructing Lloyds to make the payments. So although Ms R didn't intend the money to go to scammers, under the Payment Services Regulations and the terms and conditions of her account, Ms R is presumed liable for her loss in the first instance.

Ms R didn't pay the scammers directly and instead sent the payments to her own account with W. From there, she sent the payments to B. So, I don't think the payee alone ought to have caused particular concern to Lloyds.

That said, taking into account the law, regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for a bank to take additional steps or make additional checks before processing a payment to help protect its customers from the possibility of financial harm from fraud and scams. But

there is a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments.

In terms of prevention, given the size of the scam payments, I'm not persuaded there would have been anything sufficiently suspicious about these transactions for Lloyds to have been obliged to block the payments pending enquiries with Ms R before letting them through. The payments were being made to her own account with W and when compared to her previous account spend, they didn't appear to be all that unusual. For example, on 4 May 2022, Ms R sent an undisputed payment of £3,319.64. The scam payments didn't drain Ms R's account balance which could be indicative of a scam. Ms R also commonly sent payments to accounts in her name.

And so, I don't think Lloyds missed an opportunity to prevent any of Ms R's losses. I recognise Ms R feels Lloyds could have done more to recover the payments once they had been sent and feels it acted too slowly. But even if Lloyds had acted quicker, Ms R's payments had already left her account with W and were sent to her account with B. So there wouldn't have been anything for Lloyds to have recovered even if it had acted quicker.

### **My final decision**

My final decision is, despite my natural sympathy for Ms R's loss, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 1 September 2023.

Dolores Njemanze  
**Ombudsman**