

## **The complaint**

Mr and Ms P complain that Lloyds Bank PLC ("Lloyds") have failed to refund the money they lost as part of an investment scam.

## **What happened**

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In summary though Mr and Ms P made over 30 payments to scammers between September 2021 and February 2022 these payments totalled over £690,000. These payments were mostly transfers though there was one debit card payment.

Mr and Ms P asked Lloyds to refund these payments as they believe Lloyds should have done more to prevent them from being scammed. Lloyds did not agree with this.

One of our investigators looked into this matter already. They thought that Lloyds had provided sufficient warnings about the payments and therefore Lloyds did not have to offer a refund. Mr and Ms P did not agree with this and therefore their complaint has been passed to me to issue a decision.

## **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 agree with the conclusions reached by the investigator for the following reasons.

It isn't in dispute that Mr and Ms P authorised the disputed payments they made from their Lloyds account. The payments were requested by them using their legitimate security credentials provided by Lloyds, and the starting position is that banks ought to follow the instructions given by their customers in order for legitimate payments to be made as instructed.

However, I've considered whether Lloyds should have done more to prevent Mr and Ms P from falling victim to the scam, as there are some situations in which a bank should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character.

It's common ground that some of the payments were flagged as unusual as there were a number of calls between Mr P and Lloyds.

I have read the transcripts of the calls. During these calls, Lloyds repeatedly asked Mr P a number of probing questions about the transfers. These included whether he was using a broker or acting on the advice of a third party; whether the account he was transferring the money to was an account that Mr P had sole control over; and checked that he'd not given anyone access to his computer. In response, amongst other things, Mr and Ms P said the following;

- That he was not dealing with a broker or acting on advice from a third party
- He was not investing because of an online advert
- The funds were going to an account in his own name and were not being sent on to a third party
- He had sole access to his crypto wallets
- He has not given any party access to his computer
- He had made withdrawals from his crypto wallets

I also note that Lloyds did give repeated warnings about dealing with brokers and the risk of crypto in general.

Overall, I am satisfied that Mr and Ms P were asked proportionately probing questions and were given sufficient warning about the risks involved with the transfers. I don't think Lloyds could really have asked anything further given the answers that Mr P provided it with.

Mr and Ms P have raised a number of reasons as to why they believe that Lloyds should have stopped the payments. But ultimately, Lloyds asked probing questions and Mr and Ms P's answered these questions with sufficient persuasiveness for Lloyds to let the payments go through. So in the circumstances, I can't reasonably hold Lloyds responsible because Mr P, unfortunately, repeatedly gave inaccurate answers to Lloyds' questions. I say this especially as there was very little that Lloyds could do - other than asking similar questions and giving similar warnings about potential scams - to verify the accuracy of Mr P's answers.

I note that Mr and Ms P have quoted a number of rules and court cases in their submissions. They have also cited BSI:PAS 17271:2017 and the Quincecare judgment. We are aware of this court case and of the code of practice and these are taken into account when reaching our outcomes and decisions. So I have taken these into consideration when deciding whether Lloyds ought to have done anything more. But for the reasons set out above, I think that Lloyds intervened proportionally and asked sufficiently probing questions and the reason that the payments were not stopped was because of the answers provided to them by Mr P. So I don't think that Lloyds needs to refund the transactions in question.

I've also thought about whether Lloyds could have done more to recover the funds after Mr and Ms P reported the fraud, as in some circumstances the money can be recovered via the bank raising an indemnity with the receiving bank. However, in these circumstances, Mr and Ms P transferred money to their own crypto wallet before, it appears that the funds were subsequently transferred on to the scammers. As a result, no funds would have remained in their crypto wallet for the bank to recover, so I don't think there was anything further Lloyds could have done to recover the funds.

Lloyds are also under no obligation to refund the money to Mr and Ms P under the Contingent Reimbursement Model (CRM) Code either, as the Code does not apply to transfers which the payer has effectively made to themselves. It also does not apply to debit card payments either.

In relation to chargebacks for the debit card payment, I do not think that a chargeback would've been successful in the circumstances. This is due to the fact that the payment was made to purchase crypto from the various exchanges and what was purchased was supplied.

I appreciate this will likely be very upsetting for Mr and Ms P, and I'm sorry to hear they have been the victim of a cruel scam. However, I'm not persuaded that Lloyds can fairly or reasonably be held liable for their loss in these circumstances.

### **My final decision**

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Ms P to accept or reject my decision before 19 December 2023.

Charlie Newton  
**Ombudsman**