

The complaint

Mr M complains that Lloyds Bank PLC (“Lloyds”) won’t refund £1,000 he lost to an investment scam in April 2022.

The details of this complaint are well known to both parties, so I won’t repeat everything again here. Instead, I will focus on giving the reasons for my 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 M authorised the disputed payment he made to his Binance wallet using his Lloyds debit card (where his funds were subsequently transferred on to the scammers from his crypto wallet). The payment was requested using his 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 M 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 transfer. For example, if it was particularly out of character.
- I appreciate that Mr M has lost £1,000 to a scam, and I’m sorry to hear about the loss he has sustained. But this amount would not have represented large or ‘out of character’ transaction, such that Lloyds ought to have regarded it as suspicious or indicating that he might have been at risk of falling victim to a scam. The payment was not of such an amount, for example, that it would represent a significant deviation from the way Mr M’s account had been used in the past.
- So, having considered the payment Mr M made to Binance, I’m not persuaded there was anything that ought reasonably to have triggered Lloyds’ fraud monitoring systems, or that would have indicated he was in the process of being scammed. Mr M has mentioned that Lloyds have blocked payments to Binance, but this only applies to credit card transactions. There is no such restriction for debit card payments, so there was no obligation on it to block the payment he made in April 2022.
- Mr M also submits that his payment should be reimbursed under the Contingent Reimbursement Model (CRM Code). However, the Code does not apply to debit card transactions, so the payment Mr M made to Binance would not fall within its scope.

I appreciate this will likely come as a disappointment to Mr M, and I’m sorry to hear he has been the victim of a cruel scam. However, in the circumstances, I do not consider it would be

fair and reasonable to hold Lloyds liable for his loss.

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 M to accept or reject my decision before 12 October 2023.

Jack Ferris
Ombudsman