

## **The complaint**

Mr L complains that Lloyds Bank Plc didn't do enough to prevent him losing money to a scam.

Mr L has used a representative to bring his complaint. But for ease of reading, I'll mostly only refer to Mr L himself.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In February 2023 Mr L contacted Lloyds to raise a fraud claim and to complain. He alleged that a series of 18 payments (totalling around £38,000) from his account that took place in May and June 2022 had been made as the result of a scam. The payments ranged in value from £820 to £5,000. Mr L says that Lloyds didn't do enough to prevent his loss. The letter referred to the payments all going to a cryptocurrency exchange 'C'.

Lloyds responded but ultimately didn't offer any redress. Mr L referred his complaint to our service and one of our Investigators didn't recommend it should be upheld. In summary he didn't think the payments were so unusual or out of character that Lloyds reasonably ought to have intervened at the time. Mr L disagrees and has asked for an Ombudsman to review his complaint.

## **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 reached the same outcome as our Investigator and for largely the same reasons. I know this will be disappointing for Mr L, so I'll explain why.

Mr L told Lloyds that these payments had all been made to an account in his own name with C (which he was in control of). Based on this I don't think Lloyds not considering a refund under the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code) was fair. The CRM code is specific that it only applies to payments made to 'another person'.

Lloyds first duty is to process the payments that Mr L instructs. But they fairly and reasonably must also be alert to the potential of fraud and scams and act in their customers best interests.

The payments Mr L says were made as the result of a scam were listed in his letter of complaint as going to C. Yet on his statements they appear as going to him, and there are other outgoing payments on his statements (which aren't part of the alleged scam) and which do show as going to C. Mr L also hasn't been able to provide any evidence of

communication between him and the scammers, although he has provided the names of the 'businesses' he believed he was dealing with. But even setting these issues aside and taking Mr L at his word that all the payments he's described were to C and as the result of a scam, this doesn't change the outcome of the complaint.

Lloyds should fairly and reasonably be looking out for unusual, suspicious or out of character payments which might indicate their customers are at risk of financial harm from fraud. But as I've mentioned above, this must be balanced against their obligation to promptly execute payment instructions.

In the circumstances of this complaint, I'm not persuaded the payments Mr L alleges were as the result of a scam were so unusual or suspicious where it's reasonable to expect Lloyds to have done more before processing them. Mr L's previous use of his account means that I don't think payments to cryptocurrency or of the number and value of those as a result of the alleged scam would have stood out such that Lloyds ought to have done more. I say this for the following reasons:

- Mr L had previously made many payments to C dating back to at least November 2021.
- Mr L had also received several credits to his account from C. Examples of these include over £3,300 received in a few days in February 2022 and £5,200 in March 2022.
- It wasn't unusual for Mr L to make larger outgoing payments or multiple such payments in one day. Examples of these include payments of £10,000 and £5,000 on 24 September 2021, payments of £10,000 and over £6,800 the following day (25 September 2021), and a further payment of £10,000 on 2 March 2022. There were other payments of values comparable to the 'scam' payments, but I've only listed enough to illustrate my point.

I've considered Mr L's arguments as to why he thinks Lloyds ought to have intervened but I don't agree. In the context of the previous account activity I've referenced above, I don't think this is a reasonable expectation. And so I don't think Lloyds reasonably should have done more before processing the payment instructions Mr L provided.

And given Mr L's own testimony is that he was funding his own account with C, I don't think Lloyds could have done anything to assist with recovery. Had funds remained with C, Mr L would have been able to access them himself.

I'm sorry to hear Mr L lost his money, but as I don't think this is something Lloyds are responsible for, I'm not going to direct that they need to do anything further to resolve this complaint.

### **My final decision**

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 27 November 2023.

Richard Annandale  
**Ombudsman**