

## The complaint

Mr R complains that Lloyds Bank PLC won't refund all the money he lost when he was the victim of a scam.

## What happened

In October 2023, Mr R commented on a picture of a car he saw on a social media platform. The person who posted the picture then messaged him saying the car was for sale and they had recently reduced the price, so asked Mr R if he was interested in buying it. Mr R said he was interested, and agreed to pay a deposit of £150.

The seller then asked Mr R to make a number of further payments over the following days for a number of different reasons, including an increased deposit amount, because an earlier payment hadn't been received and to pay the seller's friend to deliver the car. I've set out the payments Mr R made from his Lloyds account below:

Date	Details	Amount
10 October 2023	1 <sup>st</sup> account details	£150
10 October 2023	1 <sup>st</sup> account details	£50
11 October 2023	1 <sup>st</sup> account details	£50
12 October 2023	1 <sup>st</sup> account details	£170
16 October 2023	2 <sup>nd</sup> account details	£270
16 October 2023	2 <sup>nd</sup> account details	£100
20 October 2023	1 <sup>st</sup> account details	£200
23 October 2023	1 <sup>st</sup> account details	£300

Unfortunately, after Mr M made the last payment above, the seller stopped responding to him. Mr R then realised he had been the victim of a scam and reported the payments he had made to Lloyds.

Lloyds investigated and said it should have intervened when Mr R made the second payment, as the payments were then out of character for him. But it also said Mr R didn't do enough to verify the purchase and that the price he was quoted was too good to be true. So it refunded 50% of the money Mr R had lost, from the second payment onwards. Lloyds also refunded £150 it recovered from the bank the payments were sent to. Mr R wasn't satisfied with Lloyds' response, so referred a complaint to our service.

One of our investigators looked at the complaint. They thought Mr R should have had some concerns about the payments he was making, and didn't think Lloyds needed to have identified a scam risk here. So they said Lloyds had already refunded Mr R more than they would have recommended and didn't think it should have to do anything further. Mr R disagreed with our investigator, 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.

In broad terms, the starting position in law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

Lloyds is a signatory of the Lending Standards Boards Contingent Reimbursement Model (the CRM code). This code requires firms to reimburse customers who have been the victim of authorised push payment scams, like the one Mr R fell victim to, in all but a limited number of circumstances. And it is for the firm to establish that one of those exceptions to reimbursement applies.

Under the CRM code, a firm may choose not to reimburse a customer if it can establish that:

- The customer ignored an effective warning in relation to the payment being made
- The customer made the payment without a reasonable basis for believing that:
  - o the payee was the person the customer was expecting to pay;
  - o the payment was for genuine goods or services; and/or
  - o the person or business with whom they transacted was legitimate

There are further exceptions within the CRM code, but these don't apply here.

*Did Mr R have a reasonable basis for belief when making the payments?*

Lloyds has argued Mr R didn't have a reasonable basis for belief when making these payments. And while I appreciate he has been the victim of a cruel scam, I do think there were a number of things about what was happening and what he was told here that should have caused him significant concern.

The first contact Mr R had with the seller was commenting on a picture of the car on a social media platform, and it was the seller who then contacted him and mentioned the car was for sale. But this isn't how I would usually expect a genuine seller to try to sell a vehicle – particularly one who sold a number of vehicles, as the seller told Mr R they did here.

All of the communication Mr R had with the seller was through the social media platform, but the platform isn't a marketplace or widely known as somewhere to buy goods. And Mr R doesn't appear to have been shown any evidence that the seller had also listed the car for sale on more traditional vehicle marketplaces, as I would have expected them to have done – particularly if they were selling multiple vehicles. So I think all of the communication being done in this way should have caused him concern.

The social media platform also automatically deletes messages after a certain period of time. So while Mr R says he was sent pictures and videos of the car, including of the logbook and car history, he hasn't been able to send us copies of any of these. And I think only being provided these things in a format that was automatically deleted a short time later should have caused him concern.

When he was first contacted by the seller, Mr R says they told him they were reducing the asking price of the car by a significant amount. But I think being told the price was reducing by such a significant amount, over 30% of the original price he was told, should have caused Mr R concern about whether what he was being told was genuine.

The seller also appears to have changed the agreement they came to with Mr R a number of times. Mr R says they first asked for a deposit, then almost immediately asked for a larger amount for the deposit. They said their friend would deliver the car, but the amount their friend needed to be paid to do this changed several times. Mr R also doesn't appear to have asked for explanations of some of the payments he was asked to make. And I think the seller changing their agreement several times, and changing the amounts he needed to pay upfront, should have caused Mr R concern that the person he was speaking to wasn't legitimate.

I sympathise with the position Mr R has found himself in. And I appreciate that he tried to carry out checks to confirm the sale was genuine. But I think there were a number of things here which should have caused him significant concern. And I don't think the checks he did or the seemingly genuine information he was given should have been enough to overcome the concerns I think he should have had.

So I think Lloyds has established that Mr R made the payments here without a reasonable basis for belief that they were genuine. Lloyds has therefore established that one of the exceptions to reimbursement under the CRM code applies here, and it does not have to refund Mr R all the money he lost.

*Did Lloyds meet its obligations under the CRM code?*

Even though I don't think he had a reasonable basis for belief when making the payments, Mr R may still be entitled to a refund of some of the money he lost if Lloyds didn't meet its obligations under the CRM code – one of which is to provide effective warnings when it identifies a scam risk.

While I appreciate Mr R has said the money he lost is a significant amount for him, the payments here aren't for large enough amounts that I would expect Lloyds to identify a scam risk based on their size alone. The payments are also relatively spread out over a number of days, fluctuate in size and go to more than one set of account details. So I don't think it would have been unreasonable for Lloyds not to identify a scam risk here.

However, Lloyds has accepted that it should have identified a risk once Mr R tried to make the second payment, for £50 on 10 October 2023, and that it didn't do enough before allowing this payment to go through. So it has accepted that it didn't meet its obligations under the CRM code and refunded 50% of the money Mr R lost from this second payment onwards.

Where one of the exceptions to reimbursement applies, but a firm also didn't meet its obligations, the CRM code sets out that the customer is then entitled to a refund of 50% of the money they lost.

So as Lloyds has already offered to refund 50% of the money Mr R lost from the second payment onwards, and this is more than I would have expected it to offer in these circumstances, I don't think it would be fair to require it to refund anything further.

*Did Lloyds do enough to recover the money Mr R lost?*

We expect banks to take reasonable steps to try to recover the money their customers have lost, once they are made aware of a scam.

I've seen evidence that Lloyds contacted the bank the payments were sent to within a reasonable amount of time, to ask for the money to be returned. So while unfortunately the

bank the money was sent to wasn't able to return all of the money, Lloyds has done all I would expect it to have done.

The bank the money was sent to was able to recover some of the money Mr R sent, and returned this to Lloyds. And Lloyds has said it has refunded this to Mr R, in line with what I would expect.

### **My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 3 May 2024.

Alan Millward  
**Ombudsman**