

The complaint

Mr E has complained that Lloyds Bank PLC won't refund the money he lost after falling victim to a scam.

What happened

In late 2020, Mr E was persuaded to invest in a foreign company, having been promised exceptional returns. Unfortunately, they turned out to be scammers. When Mr E tried to withdraw, he was persuaded to pay various fees and taxes, until he realised he'd been scammed. In total, he sent the scammers around £56,000 over the course of 7 months.

Mr E reported the scam to Lloyds in 2023. They contacted the receiving bank, but were unable to recover the money. Lloyds didn't think they were liable for Mr E's loss.

Our investigator looked into things independently and didn't uphold the complaint. They explained that Lloyds didn't have sufficient reason to intervene at the time, as the payments were broadly in line with Mr E's previous account activity.

Mr E didn't agree, so the complaint's been passed to me to decide.

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.

I understand that Mr E fell victim to a scam, and that he was going through a very difficult time more generally, and so he has my sympathy. I appreciate this can't have been an easy matter for him to face, and I appreciate why he feels that his money should be returned. It's worth keeping in mind that it's the scammers who were primarily responsible for the scam, and who really owe Mr E his money back. But I can only consider what Lloyds did. Having carefully considered everything that both sides have said and provided, I can't fairly hold Lloyds liable for Mr E's loss. I'll explain why.

It's not in dispute that Mr E authorised the payments involved. So although he didn't intend the money to go to scammers, under the Payment Services Regulations he is liable for the loss in the first instance. And broadly speaking, Lloyds had an obligation to follow his instructions – the starting position in law is that banks are expected to process payments which a customer authorises them to make.

Lloyds should have been on the lookout for payments which could be the result of fraud or scams, to help prevent them. But I also accept that a balance must be struck between identifying and responding to potentially fraudulent payments, and ensuring there's minimal disruption to legitimate payments. I've thought carefully about whether Lloyds should have done more in Mr E's case.

However, I don't think the payments involved were so unusual or out of character that Lloyds needed to intervene. While these were large payments to a foreign payee, in the months before this Mr E had frequently been making large or larger genuine payments, including of amounts which dwarfed the largest payment involved here. And those were made to quite a variety of payees. The scam payments were also spaced out over a lengthy period, with significant gaps between payments, and no reports of anything going wrong in that time. So I'm afraid I can't fairly conclude that Lloyds needed to intervene here.

Further, I should note that towards the start of the scam payments, Lloyds happened to talk to Mr E about an unrelated matter. As part of that, they gave him detailed warnings about this exact type of investment scam, along with advice about how to spot and avoid it. For example, they explained how the scammers were likely to contact him, that they'd often have convincing websites or platforms, that they'd often set up trade accounts, that they'd offer unusually high returns, that they'd encourage further payments by pretending you'd made exceptional returns, and that they'd ask for a series of fees or other payments before allowing any withdrawals. Lloyds told Mr E about the FCA register and said that not being regulated was a good sign that an investment was likely a scam. So Lloyds did provide detailed and relevant warnings, but unfortunately they weren't heeded.

I've also considered what Lloyds did to try to recover Mr E's money after he told Lloyds about the scam. Unfortunately, Mr E only told Lloyds about this in 2023. And it's a common tactic for scammers to move on the money as quickly as possible, before the victim realises what happened. Further, because the payments were made internationally, it was much more difficult to get any money back. So I'm afraid it was never likely that Lloyds would be able to help here after so long. And indeed, the receiving bank didn't get back to Lloyds. I'm afraid there's nothing more they can reasonably do.

So while I'm very sorry to hear about what happened to Mr E, I can't fairly conclude that Lloyds should be held responsible for his loss. And so I can't tell Lloyds to refund Mr E's money in this case.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 9 January 2024.

Adam Charles

Ombudsman