

The complaint

Mr J complains that Lloyds Bank Plc didn't do enough to prevent the loss he suffered when he sent money to a Lloyds account as the result of a scam.

Mr J has used a representative to bring his complaint, but for ease of reading, I'll ascribe the representatives' comments to Mr J 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. Mr J says that he was the victim of a scam. He was contacted by scammers and told he was due to receive over £11M in an inheritance. But to receive the funds he needed to make certain payments first.

As a result of the scam Mr J made a series of payments between 2018 and 2021. In total he says he lost over £40,000. Some payments were made through money remittance services, and others via international bank transfers to various different accounts. The payments relevant to this complaint are those made to a Lloyds account from Mr J's account with his own bank which is based outside the UK. Mr J says these payments took place between March 2019 and January 2021 and totalled around £14,000 – the largest individual payment was for £3,950.

In late 2021 Mr J reported to Lloyds that he'd been the victim of a scam. Lloyds told Mr J that he should ask his own bank to raise this as a claim with them. Mr J referred the matter to our service and it was considered by one of our Investigators. She pointed out that she couldn't consider Lloyds actions when opening the account in question (as this fell outside our jurisdiction) and for what she could consider, she didn't think that Lloyds needed to do more.

Mr J disagreed and asked for an Ombudsman to review his complaint. In March 2024 I issued a provisional decision in which I said:

"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 our Investigator's outcome, but as I'm providing some additional reasoning, I'm issuing this provisional decision to give both sides a further opportunity to comment before finalising my decision.

Firstly, I'm aware of Mr J's linked complaint about 'H' who provide another account that received funds as a result of the same scam. But this decision is solely about the actions of Lloyds.

Our jurisdiction only allows me to comment on Lloyds acts or omissions on or after 31 January 2019. And within that context, I don't think anything Lloyds did regarding their monitoring of the account prior to the receipt of each payment from Mr J has impacted the loss he has suffered. I say this because the scammers tricked Mr J into paying different

accounts across the extended period of time that the scam ran for. So even if Lloyds ought to have acted in relation to this particular account, I don't think Mr J would have ended up in a meaningfully different position. It's most likely that had Lloyds blocked or closed the account, Mr J would instead have been persuaded to continue making payments to other accounts that the scammer controlled. The evidence and use of multiple accounts across the scam supports this being the case. So, I don't think his loss was preventable in that way.

In response to our Investigator Mr J said that multiple payments being returned from a blocked or closed account would have indicated a potential problem and stopped further losses. I understand why he says this, but on balance, I'm not persuaded that, in this case, this is what would have happened. Even if Lloyds ought to have blocked or otherwise inhibited the account – the accountholder (who was most likely complicit in the scam) would have been aware of this. And so I think it's unlikely the scammer would have requested further payments into an account that they knew they couldn't access.

But Mr J's funds did arrive in the Lloyds account. So I've gone on to consider how the funds arrived and were spent from the account. As I've mentioned above, the largest individual payment was for just under £4,000. And other payments were for smaller amounts as low as £400. Broadly speaking the funds were then spent / moved on from the account in the days following each payment through a combination of debit card spending, cash withdrawals and transfers. But in the context of the sums involved, I don't think the activity on the account was so unusual, suspicious or otherwise indicative of a potential problem that Lloyds ought to have intervened in the account at the time.

Lloyds have also confirmed that they received no other reports of a fraud or scam about the account prior to hearing from Mr J. So there wasn't a failure to act that caused any part of the loss.

Mr J has also pointed out that an address included on the payment instruction from his bank was potentially a hostel for the homeless. He thinks this ought to have caused Lloyds to have questioned the payment and investigated further. I've considered this but when applying an incoming international payment to an account, it is typically assigned according to the International Bank Account Number (IBAN) provided. It isn't clear whether Lloyds would have had sight of the address details that Mr J refers to (i.e., whether this information was transmitted alongside the payment). But even if it had been, there was no obligation, nor is it standard industry practice for Lloyds to have checked / examined this at the time of applying each payment to the account. So I can't fairly say there has been a failing by Lloyds in this regard.

When Mr J reported matters to Lloyds, I don't think it was wrong for them to refer him to his own bank in the first instance. This is the standard industry procedure to raise a claim of a fraud or scam. And whilst I'm not suggesting this is the case here, this is in part to mitigate the risk of malicious claims. I'm likewise satisfied that by that point; all Mr J's funds had been moved / spent from the Lloyds account. And so anything Lloyds did or didn't do, wouldn't have impacted whether a successful recovery could have been made from that account. I'm sorry to hear Mr J lost money to a scam. But as I don't think this is something I can fairly say Lloyds are responsible for, there isn't a reasonable basis upon which I can require them to do more to resolve this complaint."

Lloyds acknowledged receipt of my provisional decision but didn't provide any further comments or evidence. Mr J provided a response which I'll address below.

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.

Mr J disagrees that if Lloyds had cause to block the recipient account, he would have been persuaded to pay other accounts instead. He points out that on each occasion he made a payment, he was given a specific reason such as taxes he owed. He says that had any of his payments 'bounced back' from a closed account, then this would have put him on the journey to discovering the scam sooner.

I've considered this, but I don't agree it makes a difference to the outcome of this complaint. Had Lloyds blocked the account before (or between) any of Mr J's payments, then this is something the accountholder most likely would have known. And it's unlikely the scammer would have then requested that Mr J make further payments into a blocked account. Given this, I don't think there would have been a reason for any payments to have 'bounced back'. There would have been no reason (on the information available to them) for Lloyds to have returned any payments at the time.

Mr J also clarified his point about the address that he says would have been included amongst the information transmitted with the payment. He says that being linked to a hostel in this way means the activity itself ought to have stood out as unusual. Particularly receiving such payments internationally with no prior links. He also thinks Lloyds ought to have obtained the full address details as those provided were incomplete.

Again, I've considered this, but I don't think the level of monitoring of the account that Mr J expects is reasonable or in line with industry practice. It isn't practical (or required) for a recipient bank to conduct a detailed review of each and every payment received into its customers' accounts. Lloyds are required to monitor accounts with a view to trying to prevent fraud, scams and the misappropriation of funds. And in the circumstances of this complaint, particularly given the largest individual payment received was £3,950, I don't think Lloyds not looking further at the incoming payments was unfair or unreasonable. And as I've covered above, I don't agree that (following the arrival of each of Mr J's payments) the account activity was so unusual or suspicious such that Lloyds ought to have done more.

So whilst I'm sorry Mr J is still at a loss, I'm not persuaded this is as a result of failings by Lloyds and so I'm not upholding 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 J to accept or reject my decision before 23 April 2024.

Richard Annandale
Ombudsman