

Complaint

Mr B is unhappy with the way Lloyds Bank PLC handled things after he fell victim to a scam.

Background

In May 2022, Mr B fell victim to an investment scam. In total, he lost a little over £5,000. Lloyds has since reimbursed these losses, but Mr B remains unhappy about the way it handled things and argues that it caused him distress and inconvenience.

Once he realised that he'd fallen victim to a scam, he contacted Lloyds. This was in September 2022. He'd argued that he was entitled to a refund of his losses under section 75 of the Consumer Credit Act 1974.

On 6 October, Lloyds issued its response. It took quite a narrow interpretation and argued that Mr B's losses weren't covered by that legislation. Nonetheless, it agreed that it hadn't provided a particularly good level of service to him when he reported the scam. In acknowledgement of that, it paid him £50 compensation.

Mr B was unhappy with that reply and reiterated his position to Lloyds. It reviewed his case again. It recognised that he'd fallen victim to a scam and so agreed to refund his losses. It didn't offer him any additional compensation.

Mr B remained unhappy and so he referred his complaint to our service. It was allocated to an Investigator who asked Lloyds to provide its file. At this point, it accepted that it could've handled the case better. It agreed to pay him an additional £150 in recognition of the distress and inconvenience that he'd experienced. It also refunded two fees that were charged to his account in connection with the scam payments.

The Investigator thought Lloyds' offer was fair. Mr B disagreed. He explained that the scam happened at a time when he was under considerable pressure as the sole earner in a household with several dependents. He'd been made redundant, his wife was pregnant and he, understandably, felt under a great deal of pressure at the time. In view of those difficulties, he didn't think that Lloyds offer of compensation was enough.

As Mr B disagreed with the Investigator's opinion, the complaint has been passed to me to consider and come to a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Lloyds has already refunded the money Mr B lost to the scam and the fees he had to pay in connection with this payments. As a result, the only issue I have to consider is whether its offer of £200 in recognition of the distress and inconvenience it caused him is fair and reasonable.

I don't doubt that Mr B has suffered a great deal of distress as a result of what happened.

His personal circumstances were a source of considerable pressure and he must have felt an enormous weight of responsibility to support his family. When considering such an award on a case like this one, I must bear in mind that most of the distress wasn't caused by Lloyds. It was instead caused by whoever perpetrated the fraud to which he fell victim.

I agree that Lloyds could've handled things better than it did. When it first looked at his complaint, it applied too narrow an interpretation. It should've thought more broadly about the fact that Mr B had fallen victim to a scam, rather than merely focusing on the fact that he'd framed his complaint in respect of his rights under the Consumer Credit Act 1974. The consequence of that was that it rejected his case when it ought to have been upheld. I also acknowledge that there were administrative errors that meant it was more difficult for him to report the scam and provide Lloyds with the relevant evidence than it should have been.

However, its error in assessing his complaint in the way it did was corrected with reasonable promptness. From what I've seen, Mr B was reimbursed around two months later than he should've been. For an error of this kind, I'm satisfied that £200 represents fair compensation. I understand that it has already paid this to Mr B and so it doesn't need to do anymore here.

Final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 20 September 2023.

James Kimmitt
Ombudsman