

The complaint

Mrs K complains that Lloyds Bank PLC hasn't protected her from losing money to a scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, Mrs K has explained that in November 2022 she made two payments from her Lloyds account for what she thought was a legitimate investment. Mrs K made the payments from her Lloyds account first to her MoonPay account, before moving them on from there to the scammers. The payments totalled £1,000.

Mrs K subsequently realised she'd been scammed and got in touch with Lloyds. Ultimately, Lloyds didn't reimburse Mrs K's lost funds, and Mrs K referred her complaint about Lloyds to us. As our Investigator couldn't resolve the matter informally, the case has been passed to me for a decision.

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 decided to not uphold Mrs K's complaint for materially the same reasons as our Investigator. I'll explain why.

Let me say, first of all, I have no doubt Mrs K has been the victim of a scam here. She has my sympathy. Ultimately, however, Mrs K has suffered her loss because she was scammed by fraudsters, and this doesn't automatically entitle her to a refund from Lloyds. It would only be fair for me to tell Lloyds to reimburse Mrs K her loss (or part of it) if I thought Lloyds reasonably ought to have prevented the payments (or part of them) in the first place, or Lloyds unreasonably hindered recovery of the funds after the payments had been made; and if I was satisfied, overall, this was a fair and reasonable outcome.

Prevention

I'm satisfied Mrs K authorised the relevant payments. Lloyds would generally be expected to process payments a customer authorises it to make. And under The Payment Services Regulations and the terms and conditions of the account, Mrs K is presumed liable for the loss in the first instance, in circumstances where she authorised the payments. That said, as a matter of good industry practice Lloyds should have taken proactive steps to identify and help prevent transactions – particularly sufficiently unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there are many payments made by customers each day and it's not realistic or reasonable to expect a bank to stop and check every payment instruction. There's a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments.

In this case, Lloyds didn't pause either of Mrs K's payments and speak with her before they were executed. So, I've considered whether I think Lloyds reasonably ought to have done so. However, the payments were for £150 and £850, separated by around six days. They're just not of the level where I could reasonably say in this case that Lloyds' fraud systems should have been triggered and it ought not to have processed the payments without doing more than it did. I take on board the payments were to a crypto exchange, but not all payments made for cryptocurrency are made as a result of a scam. So this doesn't change my mind. The payments just weren't unusual enough here to say Lloyds should have done more. What this means is that I'm satisfied Lloyds didn't unreasonably miss an opportunity to prevent the payments being made. So I can't hold Lloyds responsible for Mrs K's loss for this reason.

Recovery

After the payments were made, I couldn't reasonably expect Lloyds to have done anything further until it was aware Mrs K had been scammed. Then, because these were debit card payments, the only potential avenue for recovery of the payments would have been through the chargeback scheme. However, Mrs K made these payments to MoonPay (and not directly to the scammers). This means the merchant here, for chargeback purposes, would be MoonPay (and not the scammers). But MoonPay provided Mrs K with the crypto she paid for. The subsequent transfer of the funds onto the scammers from MoonPay would not give rise to a valid chargeback claim through Lloyds. So, I don't think these payments were recoverable through Lloyds once they had been made.

I realise this means Mrs K is out of pocket, and I'm sorry she's lost money. However, I'm satisfied for the reasons I've explained that I can't fairly nor reasonably tell Lloyds to reimburse her in circumstances where I don't think it reasonably ought to have prevented the payments or been able to recover them.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 16 January 2024.

Neil Bridge
Ombudsman