

## The complaint

Miss W complains that Lloyds Bank PLC did not refund a series of transactions she lost as part of a scam.

## What happened

Miss W was looking for work and was contacted via a messaging app by an individual saying she had been selected for a job. She was referred to a website and instructed to register. The job entailed completing tasks, and each task cost Miss W money to complete, but included a commission that she would receive. Once all the set tasks were completed, Miss W would get back the money she spent, plus commission.

In order to top up the website, she had to purchase cryptocurrency. She completed the initial 35 tasks and received around £200 commission. She therefore felt the company was trustworthy and she continued with the next set of tasks. She proceeded to make the following payments to cryptocurrency wallets and exchanges:

14 September 2022	£2,950
15 September 2022	£51
16 September 2022	£11,041
21 September 2022	£17,500
22 September 2022	£1,400
14 November 2022	£11,001
15 November 2022	£18,001

Miss W then attempted to withdraw the funds along with her commission and was told to check back in three days. When she did so, she found she had been blocked by the individual who contacted her and no longer had access to the website. At that point, she realised she had been the victim of a scam.

Miss W raised a scam claim with Lloyds, and they responded explaining the payments were not covered under the Contingent Reimbursement Model (CRM) code, as the payments were not made directly to a fraudster. Instead, Miss W made payments to cryptocurrency accounts in her own name before sending the money on to a fraudster as cryptocurrency. They also explained they had intervened on the majority of the payments and asked additional questions about them and provided tailored scam warnings based on what Miss W told them.

Miss W referred the complaint to our service. Our Investigator looked into it and explained

that the CRM code did not apply to the payments. They could see Lloyds had spoken to Miss W prior to processing all but the £51 payment and provided warnings based on what she told them. When asked, Miss W said that she had not been contacted by anyone about the payments and she was investing on her own. So, the Investigator felt Lloyds had intervened as they would expect and provided warnings based on what they knew at the time.

Miss W's representative disagreed with the outcome. They felt that in the phone calls prior to the payments being processed, the fraud department did not provide warnings about job scams, which they feel are a common scam related to cryptocurrency. And Miss W was never asked why she was transferring the money into cryptocurrency. So, they felt Lloyds had missed an opportunity to reveal the scam.

As an informal agreement could not be reached, the complaint has been passed to me for a final 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.

It's not been disputed that Miss W has been the victim of a cruel scam. The evidence provided by both Miss W and Lloyds set out what happened. What is in dispute is whether Lloyds should refund the money Miss W lost due to the scam.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Miss W authorised the payments as she believed they were a part of a legitimate job. So, while I recognise that Miss W didn't intend the money to go to scammers, the starting position in law is that Lloyds was obliged to follow Miss W's instruction and process the payment. Because of this, Miss W is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Lloyds did enough to try to keep Miss W's account safe.

Apart from the smaller payment of £51, every other payment was flagged by Lloyds for further checks and each time she received a call from the fraud department. The second payment was higher risk and Miss W was asked to attend branch with documentation and to speak with the fraud team whilst in branch to release the payment. Even then, the payment was held for 24 hours so that Miss W could consider it further before authorising it.

I won't go through the telephone calls one by one, as the majority followed a similar pattern.

However, I will focus on the first call about the initial payment of £2,950. Miss W was asked about the payment to the cryptocurrency providers and whether she was new to cryptocurrency. Miss W confirmed she had been using cryptocurrency for a few months. The call handler asked Miss W where the funds had come from to finance the payment and she explained her family had sent it to her. She was then asked if anyone had contacted her and asked her to invest, if anyone had asked her to do anything at all, if anyone had asked her to lie or asked her to move money. All of which Miss W said no to. She was then provided with a general cryptocurrency investment warning.

Miss W's representative has said that Lloyds should have provided a more tailored warning to job related scams, as these are commonly linked with crypto currency. And that Miss W was not asked why she was purchasing cryptocurrency and instead, Lloyds assumed she was investing and provided warnings related to investments which was not relevant to her situation.

I've taken on board Miss W's representative's comments. I understand their point of view that Lloyds could have asked a more open question about why she was purchasing cryptocurrency. However, I do think there were opportunities for Miss W to correct the call handler, for example, when she was asked how long she had been investing for, she confirmed she had been doing so for a few months. And I don't think this would have appeared suspicious to the call handler.

While Lloyds did not specifically ask Miss W if she was purchasing cryptocurrency as part of a job opportunity, they did ask her if any third parties had contacted her and asked her to do anything at all in relation to the payments and she said no. So, I do think Lloyds gave Miss W the opportunity, on multiple calls, to let them know she had been contacted by an individual with a job opportunity which led her to purchase the cryptocurrency. But without this information, I think it was reasonable that Lloyds believed she was investing in cryptocurrency and they warned her of the associated risks.

I also have to bear in mind that Lloyd's actions were being guided by the answers Miss W was giving and her behaviours as a whole. I therefore don't think it's unreasonable that Lloyds took her answers at face value given the lack of any other concerning evidence that might suggest she had been targeted by a scam

Most of the calls followed this general pattern, one was more detailed in the questioning and Miss W provided similar answers, and some were not quite as detailed and didn't ask her enough questions. But I'm satisfied that, considering the general pattern of responses given by Miss W, had she been asked additional questions, she would have provided the same responses as outlined above.

On balance, I think Lloyds intercepted the majority of the payments as I would have expected and asked additional questions about them. And I think the tailored warnings provided were reasonable as they were based on the information available to them and provided by Miss W. So, I don't think that Lloyds missed an opportunity to reveal the scam and I don't think they need to refund the lost funds to Miss W.

Unfortunately, as the funds had gone to an account in Miss W's name and were then used to purchase cryptocurrency which was sent to the scammer, there was nothing further Lloyds could do to try and recover them once they were made aware of the scam.

### **My final decision**

I do not uphold Miss W's complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 1 December 2023.

Rebecca Norris  
**Ombudsman**