

The complaint

Mr B complains that Lloyds Bank PLC ('Lloyds') won't refund money lost in relation to a scam.

What happened

In September 2022, Mr B was contacted by a family member. I'll refer to the family member as C. C said they'd been contacted by their bank and told their account was at risk and that they needed to move money to a safe account. They had difficulty setting up the new payee and making the payment from their account. So asked if they could move the money to Mr B's account, and for him to send it onto the safe account details they'd been given. As a result, Mr B made a payment of £2,000 from his account on 24 September 2022.

C had been contacted by fraudsters who were posing as his bank, and he'd fallen victim to a scam.

Mr B raised a fraud claim with Lloyds the same day as the payment was made. Lloyds considered his claim but declined to refund him saying he'd completed no verification checks and didn't have a reasonable basis to believe C was talking to his genuine bank.

Mr B wasn't happy with Lloyds' response, so he brought a complaint to our service.

An investigator looked into his complaint and didn't uphold it. The investigator explained that while C was the victim of a scam, Mr B wasn't and hadn't suffered a financial loss. The investigator told Mr B that C could raise a fraud claim with his bank regarding his loss.

Mr B disagreed with the investigator's opinion, saying C had tried to raise a fraud claim with his bank, but had been told that Mr B's bank was liable for the loss.

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'm sorry to disappoint Mr B, but I've reached the same outcome as the investigator, and I'll explain why.

- The starting position is that Lloyds are expected to process payments and withdrawals that its customers authorise, in accordance with the Payment Service Regulations and the terms and conditions of the customer's account. So, when Lloyds made the payment, it was complying with Mr B's instructions.
- I can't see that Mr B has suffered a financial loss. The money that Mr B transferred to the scammer, came from C. It's C who has suffered a financial loss as a result of the scam, so I can't fairly hold Lloyds liable or ask them to refund Mr B. C can raise a fraud claim with their own bank in relation to their loss.

- From what I've seen Lloyds contacted the receiving bank promptly on being made aware of the scam but hasn't recovered any funds. It's important to note that if any funds are recoverable, Mr B won't be entitled to them due to not experiencing the loss. It would be for C's bank to contact the receiving bank and attempt recovery of funds.

Having carefully considered all of the evidence, I can't fairly ask Lloyds to refund Mr B.

My final decision

My final decision is that I don't uphold this complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 11 September 2023.

Lisa Lowe
Ombudsman