

## The complaint

Miss O complains that Lloyds Bank PLC won't refund the money she lost to a scam.

## What happened

Miss O says she was approached on a social media messaging service by a company I'll call 'U' about working from home job opportunities. She said she researched U and they seemed legitimate to her. She says they provided her with a company certificate and she was vulnerable to believe it.

Miss O says U provided a group chat with others on there sharing information about the job. She said she'd seen people buy things with their money and review the products, so she didn't think much of it. She also saw people sharing screenshots of them getting money back.

From 16 January 2023 to 18 January 2023, Miss O made the following payments from her Lloyds current account to two crypto exchange accounts in her name, from there the money was sent to the scammers.

Transaction number	Date	Merchant	Amount
1	16 January 2023	Crypto exchange 1	£25
2	16 January 2023	Crypto exchange 1	£30
3	17 January 2023	Crypto exchange 1	£50
4	17 January 2023	Crypto exchange 1	£80
5	17 January 2023	Crypto exchange 1	£150
6	17 January 2023	Crypto exchange 1	£150
7	17 January 2023	Crypto exchange 1	£700
8	17 January 2023	Crypto exchange 1	£1,000
9	17 January 2023	Crypto exchange 1	£2,000
10	18 January 2023	Crypto exchange 2	£3,800
TOTAL			£7,985

Miss O reported the scam to Lloyds.

Lloyds issued its final response letter on 2 March 2023. It said it wouldn't be refunding Miss O. Unhappy with its response, Miss O referred the complaint to this service.

One of our Investigators looked into things. She noted Lloyds had intervened in Miss O's transactions but this didn't prevent Miss O from sending her payments. She felt Lloyds could have asked more questions but she wasn't persuaded they'd have made a difference. Miss O asked for an Ombudsman to review the complaint. The complaint has therefore been passed to me for determination.

I wrote to both Miss O and Lloyds explaining I was minded to uphold the complaint in part. I said in summary that Miss O had proactively contacted Lloyds on 10 May 2022 to advise a

company had asked her to complete a faster payment from her account. She said her friend told her about the job which involved leaving customer reviews to earn money. Lloyds explained that it couldn't understand why she would pay a company when it should be the opposite. Miss O said she'd check with her friend and call Lloyds back. Lloyds recorded at the time that its conversation with Miss O indicated vulnerability/financial difficulty. There was no follow up by Miss O.

I noted Miss O attempted to make a payment of £2,000 to crypto exchange 2 prior to transaction 9 and Lloyds declined this due to a fraud flag. It permitted transaction 9 and blocked transaction 10 and spoke with Miss O.

I explained Lloyds should have reasonably spoken with Miss O prior to permitting transaction 9, I felt a meaningful warning would have likely made a difference. But I felt that it would be fair and reasonable for Miss O to share responsibility of the loss and concluded that a 50% deduction was fair and reasonable.

Lloyds didn't reply to my provisional findings.

Miss O replied and said on 17 January 2023, she made a total of seven transfers to crypto exchange 1. It was the first time she'd sent money to a crypto exchange platform and believes the bank should have recognised the spending pattern. She said she appreciated my decision but would like that I include the rest of the transactions made on 17 January 2023. She said she's suffered a significant financial loss and is in financial difficulties. She explained she's a mother of two small children and this has had a significant impact on her.

Miss O said she appreciates the offer of 50% for the last two transactions but asked if it would be possible that the bank is held liable for all the transactions on 17 January 2023. She understands that the two small transactions on 16 January 2023 would have gone under the radar.

### **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 common ground that Miss O authorised the scam payments in question here. She was tricked by the scammers into instructing Lloyds to make the payments. I accept these were 'authorised payments' even though Miss O was tricked. So although she didn't intend the money to go to scammers, Miss O is presumed liable for the loss in the first instance.

However, taking into account the law, regulatory rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Lloyds should fairly and reasonably:

- Have been monitoring accounts – and any payments made or received – to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams;
- Have had systems in place to look out for unusual transactions or other signs that might indicate its customers were at risk of fraud (amongst other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer; and
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

The evidence provided indicates that Lloyds declined a transaction shortly after Miss O authorised transaction 8. That payment was declined due to a 'fraud flag'. Lloyds permitted payment 9 but declined further attempted transactions until it spoke with Miss O.

I've thought very carefully about whether earlier payments should have reasonably been considered as unusual by Lloyds and I don't think they should have. Whilst I've noted that Miss O normally made low value payments from her account, I can't reasonably say that transactions 1 to 8 ought to have been considered as so unusual and so suspicious that Lloyds should have reasonably checked with Miss O that all was well before processing them. Transactions 1 to 6 were £150 or less, I can't reasonably say that Lloyds should have suspected that Miss O was falling victim to a scam. They were very low value payments and even though four were taken on the same day, I don't think Lloyds should reasonably have intervened.

Transactions 7 and 8 were the largest payments Miss O has made from her account and I agree that these did start to represent a change in the way Miss O operated her account. But I can't reasonably conclude that they would have appeared as so unusual and so suspicious when considering the day to day transactions customers make. These can include one-off larger payments.

I accept Miss O's argument that she's not sent payments to crypto exchanges before. But payments to crypto exchanges don't always result in a scam, there are legitimate crypto transactions and I'd expect Lloyds to be aware of this.

However, when Miss O attempted a £2,000 transaction to crypto exchange 2, Lloyds blocked it and I think it should have reasonably suspected that Miss O's account was the subject of very unusual account activity. Her payments to crypto exchange 1 and crypto exchange 2 were increasing in frequency and amount. I think Lloyds should have reasonably intervened at this stage, I don't see that it did and in my judgement, this was a missed opportunity to do so.

I've noted that Lloyds declined further payments after it approved transaction 9 and spoke with Miss O prior to transaction 10. In my view I don't think the questions in the conversation went far enough.

During the call, Lloyds asked Miss O about her payments, she said; *'So I put money in there to invest and the money goes up. And you gain more'*. I would've expected Lloyds to probe more about the investment, particularly as Miss O was progressively paying increased amounts to crypto – something she'd not done before.

I'm satisfied Miss O answered Lloyds honestly during its questioning but the questioning didn't go as far as it reasonably should have. I have no reason to doubt that if Lloyds had asked more questions about what it was she was doing, she'd have likely explained the job opportunity as she understood it to be. I think Lloyds no doubt would have quickly realised it was a scam.

I've noted that Miss O proactively contacted Lloyds in May 2022 about a similar job opportunity. I can only assume this was to get some advice. The notes don't indicate that Lloyds said this was a scam but it did say that it didn't understand why she would have to pay. I've not seen anything to suggest that Miss O made this payment after speaking with Lloyds.

As Miss O clearly trusted Lloyds' advice as a financial professional, I have no doubt that if it would have provided a meaningful warning at an earlier point, Miss O would likely have not sent any further payments to the scammer.

In other words, but for Lloyds' failure to provide a meaningful warning, Miss O would only have lost payments 1 to 8. I think a meaningful warning from Lloyds would have made a difference and Lloyds could have prevented further losses totalling £5,800.

I've also considered whether or not Miss O should be considered partially responsible for her losses here. In doing so, I've taken into account what the law says about contributory negligence but also kept in mind that I must decide this case based on what I consider to be fair and reasonable in all the circumstances.

I do find it unusual that Miss O didn't act more cautiously. I appreciate she says that she checked U's credentials and believed them to be genuine. I also understand she was looking for a job at the time but I'm surprised she didn't find the proposal unusual – i.e. having to pay almost £8,000 to allow her to carry out a new job. She discussed a similar proposal with Lloyds seven months earlier where it said it didn't understand why she would have to pay and she doesn't appear to have gone through with it. I think she should have carried out more research on the proposal and she'd likely have discovered that it was unlikely to be a legitimate operation.

For that reason, I think it's fair and reasonable for a 50% deduction to be made for any compensation payable.

### **My final decision**

My final decision is, I uphold this complaint in part. Lloyds Bank PLC should:

- Refund 50% of transactions 9 and 10. I calculate this to be £2,900.
- Pay 8% simple interest, per year, on the above sum from the respective dates they were paid to the date the settlement is paid (less any lawfully deductible tax).

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 15 January 2024.

Dolores Njemanze  
**Ombudsman**