

## The complaint

Miss M complains that Lloyds Bank PLC (“Lloyds”) won’t refund over £23,000 she lost to a romance/investment scam.

## What happened

The details of this complaint are well known to both parties, so I won’t repeat everything again here. In brief summary, Miss M fell victim to a romance scam beginning in May 2021 after she met someone (“the scammer”) on a dating app.

The scammer spoke to Miss M about cryptocurrency and encouraged her to invest in it after he explained how much money he was making. Miss M opened an account with Binance, Coinbase and NYCEX and started buying cryptocurrency from her Lloyds account across the following transactions.

Payment No.	Date	Payee	Amount	Method of payment used
1.	24/05/2021	Binance	500.00	Debit card payment
2.	24/05/2021	Binance	2,120.00	Debit card payment
3.	03/06/2021	Binance	3,690.00	Debit card payment
4.	28/06/2021	Binance	1,500.00	Debit card payment
5.	29/06/2021	Binance	3,200.00	Debit card payment
6.	30/06/2021	Binance	172.17	Debit card payment
7.	30/06/2021	Non-GBP Transaction Fee	5.14	Fee
8.	30/06/2021	Coinbase	10.00	Faster payment outwards
9.	30/06/2021	Coinbase	12,000.00	Faster payment outwards
10.	30/06/2021	Binance	100.00	Debit card payment

After making these payments from her Lloyds account, the cryptocurrency was then transferred on again to the scammer under the guise of her placing “trades” in the fake investment. Miss M eventually realised she’d been scammed when she was unable to withdraw any of her profits.

Miss M reported the fraud to Lloyds, but it refused to refund the money she'd lost as it said she'd authorised the payments. Unhappy with this, Miss M referred the matter to our service.

Our investigator upheld the complaint. She didn't think the first eight payments Miss M made as part of the scam would have appeared particularly unusual or out of character, so they wouldn't have required any intervention by Lloyds. However, when she came to make the £12,000 payment on 30 June 2021, the investigator thought that this amount was significantly out of character, such that Lloyds should have made further enquiries before processing it. Had it done so, she thought any further financial loss to the scam could have been prevented, so the investigator asked that Lloyds refund the payments made from this point onwards.

In terms of interest, the investigator noted that Miss M had borrowed £11,000 from a friend on 29 June 2021 in order to fund further investment payments. As a result, she didn't think it would be fair to ask Lloyds to pay any interest on the first £11,000 of the award, but that it should pay 8% simple interest on the residual amount.

Lloyds agreed to settle the complaint on this basis, but Miss M disagreed. She thought that the first eight payments should've also been considered as out of character and said that Lloyds failed to protect her. As she disagreed, the matter has been escalated to me to determine.

### **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 uphold it for the same reasons as the investigator, and I do not think Lloyds needs to offer anything over and above the amount it has already agreed to refund. I'll explain why.

It isn't in dispute that Miss M has fallen victim to a cruel scam here, nor that she authorised the payments. Lloyds has also accepted that it should have intervened when she made the £12,000 payment on 30 June 2021, and that it could have likely prevented any further loss if it had done so. Given these points are no longer in dispute, I do not intend to explore them any further.

What remains in dispute by Miss M is whether Lloyds ought fairly and reasonably to have intervened sooner than the £12,000 payment. But having considered the payments made prior to this, I'm not persuaded there was reasonable cause for it to have done so.

I appreciate that, between transactions one and eight, Miss M made payments totalling over £11,000, which is a significant amount of money. But this amount wasn't paid in one large or 'out of character' transaction like the £12,000 payment was. It was paid in eight separate smaller increments spread over the space of a month which, in my judgment, would not have appeared particularly unusual or out of character when compared with Miss M's spending history. So, I'm not persuaded Lloyds ought to have considered any of the first eight payments as suspicious or indicating that Miss M might have been at risk of falling victim to a scam. The payments were not of such an amount, for example, that they represented a significant deviation from the sort of payments Miss M had made before. There also were not any suspicious sequence of payments for Lloyds to have detected either, such as multiple payments with a cumulatively large value being made in quick succession.

As a result, I'm not persuaded there was anything that ought reasonably to have triggered Lloyds' fraud monitoring systems prior to the £12,000 payment on 30 June 2021, as the prior

payments would not have suggested a heightened risk of financial harm.

Miss M has not disputed the interest award on the settlement offer, so I don't consider it necessary to explore this any further either, but I'm also satisfied it's fair for Lloyds not to pay any interest on the first £11,000 of the award given the £12,000 payment was funded by money lent to Miss M by her friend. I'm therefore satisfied that Lloyds' offer to settle this case is fair, and I do not think it needs to pay anything further.

For the avoidance of doubt, I also don't think there was anything further Lloyds could have done to recover the payments after the fraud was reported, given the payments were sent to Miss M's own crypto wallets before being sent on again to the scammer.

### **My final decision**

For the reasons given above, I uphold this complaint and direct Lloyds Bank PLC to:

- Refund payments nine and ten listed in the payment table above – totalling £12,100
- Pay 0% interest on the first £11,000 of this award, and 8% simple interest per year thereafter on the residual amount from the date the payments were made to the date of settlement.

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

Jack Ferris  
**Ombudsman**