

The complaint

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

What happened

Ms T is represented in this complaint by a claims management company, for simplicity I will refer to Ms T throughout this decision, even when referencing what her representatives have said on her behalf.

Ms T was contacted via a messaging app by an individual offering her a job opportunity. The job entailed completing 'sets' of tasks to help promote tourist attractions. It appears that each task cost Ms T money to complete, but included a commission that she would receive. Once all the set tasks were completed, Ms T would get back the money she spent, plus commission.

In order to do this 'job' Ms T had to purchase cryptocurrency. She had an account with a cryptocurrency platform, and made a series of payments to that account from her Lloyds account to fund the 'job'. Unfortunately, and unknown to Ms T, the job was not legitimate, she was instead the victim of a scam.

Ms T made an initial seven payments relating to the scam, then on 11 November 2022 she contacted Lloyds and said she had not authorised these payments. Lloyds explained that its systems showed they had been authorised using mobile banking on Ms T's device, and suggested she contact the cryptocurrency provider as Ms T had told it she did have an account with them. Ms T then made a further 11 payments, before her card was blocked by Lloyds. When Ms T spoke with Lloyds it asked her to go to her local branch with ID and, when she had done so, it unblocked her card. Ms T then went on to make a further four payments. In total Ms T made 22 payments to the scammers, totalling over £17,000. But when the scammers suggested she borrow money from friends and family or take out loans to fund further payments she became suspicious, and realised she had been the victim of a scam.

Ms T raised a scam claim with Lloyds, but it did not agree to refund any of the payments Ms T made as a result of the scam. Lloyds said that it had intervened in some of the payments Ms T made but that she had not told it the real reason for the payments, so it didn't think it could have done anything more to prevent the scam.

Ms T referred the complaint to our service. Our Investigator looked into what had happened, they felt that Lloyds should have intervened at an earlier stage than it did, but nonetheless didn't feel that an earlier intervention would have uncovered the scam, given what Ms T told Lloyds when it did ask her about the payments. So, the Investigator didn't think Lloyds needed to refund any of the scam payments to Ms T.

Ms T disagreed with the outcome. She does not feel that Lloyds' intervention was adequate given the background to the payments. Specifically, she feels Lloyds could have asked more

open questions to uncover the scam, and that it did not provide specific warnings about job scams which could have alerted Ms T to there being a problem.

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.

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

But 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 Ms T's account safe.

And, looking at the history of her account and the pattern of scam payments, I agree with our Investigator's findings that Lloyds should have intervened to ask more about what was happening by the time of the eighth payment Ms T made to the scammers, on 14 November 2022.

I don't consider that the payments prior to this had been unusual enough to warrant intervention by Lloyds, as Ms T had previously made payments to cryptocurrency providers, and had also previously made multiple such payments in one day. It also wasn't unusual for Ms T to make card payments for similar or larger amounts to these initial scam payments. However, Ms T had contacted Lloyds on 11 November 2022 to say that the payments she had recently made to the cryptocurrency account were fraudulent. She told Lloyds that she had not authorised these payments. During Ms T's conversation with Lloyds about these payments it noted that they had been authorised using mobile banking on her device, and advised her to contact the cryptocurrency provider as Ms T had said she did have an account with them. Ms T has since confirmed that she had authorised the initial scam payments, so it appears she was not being honest with Lloyds during this call. But nonetheless, by the time of the next payment on 14 November 2022, Lloyds had seen some indication that something untoward might be going on, so I think it would have been reasonable for it to intervene at that stage to ask Ms T what was happening and to ensure she wasn't at risk of further fraud and/or a scam.

However, even if Lloyds had intervened at this stage, I'm satisfied that it would likely not have been able to uncover the scam. I say this because, having listened to the later conversations Lloyds had with Ms T when her card was blocked, and when she visited the branch, Ms T does not appear to have been open and honest with Lloyds about the payments. When Ms T said she was trying to buy cryptocurrency Lloyds specifically asked Ms T whether anyone had told her to make the payments, how she found out about cryptocurrency, and what specific currency she was buying. Ms T told Lloyds that she wanted to invest, that nobody had told her to make the payments, and that she'd heard about cryptocurrency from friends. Lloyds also asked Ms T about her previous fraud claim and gave general cryptocurrency investment warnings.

Ms T has said that Lloyds should have provided a more tailored warning to job related scams, as these are commonly linked with cryptocurrency. And that she was not asked enough questions about the 'investment' she said she was making. Ms T also says that as she had previously been scammed, she was clearly vulnerable and Lloyds should have done more to ensure she was not at risk of financial harm.

I've taken on board Ms T's comments. I understand her point of view that Lloyds could have asked a more open question about why she had decided to invest. However, I do think there were opportunities for Ms T to explain what the payments were for, and ultimately Ms T was not 'investing' – she thought she was making payments as part of a job – so it's not clear why she didn't tell Lloyds what the payments were actually for.

While Lloyds did not specifically ask Ms T if she was purchasing cryptocurrency as part of a job opportunity, they did ask her if anyone had told her to make the payments, and she said no, which was not accurate. I do think Lloyds questioning gave Ms T the opportunity 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 so they warned her of the risks associated with that activity.

I also have to bear in mind that Lloyd's actions were being guided by the answers Ms T 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. I note what Ms T has said about her earlier fraud claim, but she had told Lloyds that she had not authorised those payments at all, not that she had been tricked into making them. So the 'risk' she had told Lloyds about was very different to the real situation that was affecting her. And I don't think this earlier claim of unauthorised payments would have indicated to Lloyds that Ms T might be falling victim to a job scam.

Overall, with everything I've seen in mind, I'm satisfied that, considering the general pattern of responses given by Ms T, had Lloyds intervened on 14 November 2022, it's likely the scam would still not have been uncovered. 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 Ms T.

Unfortunately, as the funds had gone to an account in Ms T'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 this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or

reject my decision before 8 February 2024.

Sophie Mitchell
Ombudsman