

## The complaint

Mr S is unhappy that Lloyds Bank PLC ("Lloyds") hasn't reimbursed him after he was the victim of a scam.

## What happened

On 26 February 2023 Mr S was contacted by someone on social media who told him they had indecent images and videos of him. They said unless he paid them £750 they were going to release these across his social media accounts and share them with family and friends.

They instructed him to set up an account with an international money transfer service which he did. Using this service, he sent four payments to them equalling £750 - £150, £150, £200 and £250.

After sending the money Mr S contacted Lloyds the same day to report the scam. Whilst the person he spoke to did ask Mr S for full details of the situation they asked him to go to branch to verify his identity before Lloyds was able to take any further action. Mr S wasn't able to go into branch and do this until 3 March 2023. Lloyds considered Mr S's circumstances but ultimately said as the payments were authorised by him it wasn't liable for them and didn't reimburse him for his loss.

Mr S was unhappy with this and brought the complaint to our service. He was also unhappy that Lloyds didn't help him as soon as he reported the incident or stop the payments that were still showing as "pending". Our investigator considered the complaint. They said that they didn't think Lloyds missed an opportunity to prevent the money being sent, so it wasn't liable for Mr S's loss.

Mr S didn't accept this. He said that he'd never sent money to that international transfer service before and he made several payments to it within minutes of each other which ought to have prompted intervention from Lloyds. I issued my provisional decision on 29 November 2023. I've included an extract here:

*Should Lloyds have stopped the payments?*

*I'm really sorry to hear what has happened to Mr S, this situation must've been really difficult for him. But I want to begin by explaining that Lloyds isn't automatically liable for his loss because he was the victim of a scam.*

*Mr S authorised the transactions in question. Whilst he did so because he was being scammed, under the Payment Services Regulations (PSRs) and the terms and conditions of his account with Lloyds, he is initially presumed liable for the loss, as they were payment requests he had made of his bank.*

*However, we expect Lloyds to have been monitoring accounts to counter various risks, have systems in place to identify unusual transactions or other indicators that its customers were at risk of fraud; and in some situations, make additional checks before processing payments*

or declined them altogether, to protect customers from possible financial harm from fraud or scams.

*In this case, overall, I don't think the payments Mr S made to the scammers were significantly unusual enough that Lloyds ought to have recognised them as such and intervened. I understand Mr S made several payments to the same recipient within a short space of time. But the recipient in question was an international transfer service. So I don't think it's significantly unusual in itself that someone might make several payments to the same service if they were making several transfers from it. Lloyds didn't have oversight of where the money was going beyond payment to the service.*

*And whilst multiple payments to the same recipient can sometimes indicate something of concern, I've considered this alongside the total amount sent in this case. I understand £750 is a lot of money to Mr S and it is more than the general spending on his account day to day. But it's not unusual that from time to time someone might spend more than usual on one off expenses. For example when paying for a holiday or buying a car.*

*I recognise Mr S's strength of feeling around this point, but the reality is that Lloyds has to strike a balance between monitoring its accounts for risks and not impeding its customers general use of their accounts. Overall, I don't think Lloyds missed an opportunity to prevent the payments being made in this case.*

*Should Lloyds have done more to try and retrieve the payments?*

*Mr S is unhappy that Lloyds didn't reclaim the payments after he contacted it about what happened. In particular he's pointed out that the payments were still 'pending' when he reported that they were made under duress.*

*Because the payments Mr S made to scammers were debit card payments, the only potential avenue for recovery of payment would've been through the chargeback scheme. Lloyds made no attempt to recover his funds through the chargeback scheme but I'm satisfied such a chargeback claim would've failed.*

*This is because the payments Mr S made from his Lloyds debit card was to a legitimate third party transfer service (not directly to the scammers). This means the merchants here for chargeback purposes would be the transfer service and not the scammers. This transfer service has legitimately provided Mr S with the service intended— it facilitated the transfer of his money onto a third party. Whilst I understand the third party was a scammer, this would not give rise to a valid claim under the chargeback scheme. So I'm satisfied a chargeback claim wouldn't have been successful.*

*I don't think Lloyds has acted unfairly or unreasonably in declining to raise a claim on Mr S's behalf that had no reasonable prospect of success.*

*Pending payments cannot be reversed or reclaimed in any other way than through the chargeback scheme I've outlined above. Whilst they haven't been fully processed by the merchant (in this case the money transfer service) they had left Mr S's account. So I don't agree that Lloyds could've done more to retrieve these payments.*

*Should Lloyds have helped Mr S sooner?*

*Part of Mr S's complaint is that when he contacted Lloyds the day the scam happened, whilst it took the details of the scam over the phone, it explained it would need him to go into branch to verify his identity before it could look into the matter further.*

*It's explained that Mr S doesn't have a history of using telephone banking and it was unable to verify his identity based on his voice alone. Because it had some security concerns and given that Mr S had been scammed, and scams can sometimes be multi-layered and scammers can be skilled at obtaining lots of different information from victims, it decided to take additional steps to ensure it was genuinely speaking to Mr S.*

*I understand this would've been frustrating for Mr S at an already very difficult time for him. But, it is ultimately up to Lloyds to decide what security measures it needs to put in place to keep its customer's accounts safe. I don't think it's unreasonable in this case that it did ask Mr S to verify his identity further.*

*I'd also add that in this case, for the reasons I've explained, there isn't a way Lloyds would've been able to recall the payments that were made as part of the scam in this case. So even if it had been able to verify Mr S the day the scam happened the outcome would've been the same and this delay hasn't prevented the return of his money.*

I said I'd consider anything further Mr S and Lloyds sent in following the provisional decision, provided it was received by the deadline given.

### **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.

Neither Mr S or Lloyds provided any further information in response to my provisional decision. As there haven't been any further submissions for me to consider I haven't seen any reason to depart from the conclusions reached and outlined above.

Whilst I am sorry to hear Mr S has been the victim of a scam, I don't think Lloyds missed an opportunity to prevent the payments he made to scammers. I can understand it would've been stressful it was unable to help Mr S as soon as he contacted it about the scam but it's reasonable that it needed to satisfy its security processes first. And, in any event, I don't think there is anything Lloyds could've done to recall the funds Mr S lost in this case even if it had been able to help Mr S sooner.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 January 2024.

Faye Brownhill  
**Ombudsman**