

## **The complaint**

Miss W complains that Lloyds Bank Plc has only refunded half the money she lost as a result of a scam.

## **What happened**

While in Turkey, Miss W's son had become friendly with someone who claimed to be a dealer in Rolex watches (I'll refer to them as R).

R was staying in the same hotel. He appeared to be wealthy and apparently had people visiting to buy watches from him regularly.

R messaged Miss W. He said he had a watch that he'd sell to her for a discount and that she could make a quick profit on.

The watch was a gold Ladies Rolex and R sent some photos. R said he'd paid £22,500 for it. If Miss W gave him £16,000 for the watch, he was confident it would be resold within four weeks for £2,000 profit.

He gave Miss W account details for a personal bank account belonging another person. He told Miss W this person was a jeweller. Miss W sent this person a payment of £16,000 from her Lloyds account. However, after four weeks R told Miss W the watch hadn't sold. Eventually R blocked her on social media and Miss W realised she'd been scammed.

Lloyds tried to recover her money, but by the time Miss W had reported the scam, nothing remained in the beneficiary account.

Lloyds is a signatory of the Lending Standards Board Contingent Reimbursement Model (the CRM Code), which provides additional protection to scam victims against the impact of authorised push payment scams (such as this was). Lloyds said it could have done more to protect Miss W from the risk of fraud or scams by identifying that the payment was unusual for her. But it thought Miss W could have taken more care before sending the payment. It therefore said it would share the loss equally with Miss W, and it refunded £8,000 to her account – half the loss.

Miss W asked our service to look into the matter. Our Investigator thought Lloyds had treated Miss W in line with the CRM Code. He couldn't fairly ask Lloyds to pay her more than it already had. He said there had been little to show the watch was genuine or that the person she was paying was a jeweller. The deal Miss W was offered was too good to be true.

Miss W disagreed. She said that when she'd made the payment in 2022, the pandemic had changed things, and this needed to be taken into account. The scam had a terrible impact on her and had affected her health both physically and mentally.

In light of this disagreement, the case was referred to me to reach 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.

I'm sorry to hear about what's happened to Miss W. It's clear that she's been through an extremely difficult time as a result of the scam. I understand that the loss of this money has had a significant impact on her health.

However, despite my natural sympathy for Miss W, my role here is confined to considering whether Lloyds can be held fully responsible for her loss. The starting point in law is that Miss W is responsible for payments she's authorised herself. And there's no dispute about whether she made the payment here.

Lloyds accepts it should have recognised that this was a significantly out of character transaction for her. It says it could have therefore done more to protect her. Under the CRM Code, when a bank is at fault, it will usually need to accept responsibility for at least part of the loss.

But the bank won't be required to refund in full if it can show that it's likely the customer made the scam payment without having held a reasonable basis for believing they were paying who they thought they were paying or for believing they were buying genuine goods from a genuine seller.

Lloyds says that applies here, and so it says it is fair that it and Miss W should equally share the loss. I've carefully reviewed everything to see whether I agree.

Firstly, I appreciate why Miss W thought this might be genuine. Her son apparently knew R, and he'd had told Miss W about him. R appeared to be wealthy, and Miss W explains he had his own Rolex. She thought he seemed to be selling and trading in Rolex watches. So, she thought he must be telling her the truth when he said he'd sell her a watch.

However, I think the deal he was offering was too good to be true. He said he was selling her a watch for a lot less than he'd paid. He guaranteed she couldn't lose money on the deal. She was being offered thousands of pounds in profit within just a few weeks with no risk and no effort. I think Miss W should have had doubts about how this could be true.

R provided photos of what he said was the watch. But this wasn't good evidence he actually had it, or that it was legitimate rather than counterfeit or stolen.

R told Miss W to pay someone directly, who he said was a jeweller. However, this account was a personal account. It wasn't in the name of a jewellery company. There was nothing (besides what R said) to connect the person Miss W was paying with the watch or with them being a jeweller. The story R gave was inconsistent too. He said he'd already paid £22,500 for the watch and was now trying to sell it. That doesn't fit with the need to pay the jeweller rather than R.

In short, Miss W had put a huge amount of trust in someone she seems to have known only remotely, and when she sent this payment it was going to someone's account whom she'd never met or spoken to.

Given all of this, I think Miss W should have had serious doubts about going ahead. I think R's story wasn't credible and what he was offering was too good to be true. All in all, I'm satisfied Lloyds has established that she made the payment with a reasonable basis for believing she was paying a genuine seller for a legitimate item.

In saying this, I've thought carefully about what Miss W says about her circumstances at the time. She was away from home, and as she notes, the pandemic had affected many aspects of everyone's lives. This money was an inheritance following the loss of her parents, making it even harder to lose the funds. I don't underestimate the horrendous impact this scam has had on her. But the evidence doesn't lead me to think Miss W was unable to have protected herself at the time. Her situation now, and her health concerns are mainly a result of the scam and the cruel betrayal of her trust by R, rather than the cause.

I've thought about whether Lloyds should pay her more than it has done for any other reasons. The beneficiary bank has confirmed that by the time Miss W reported the scam to Lloyds, all of the money she'd sent had been moved on from that account. That meant it would never have been possible for Lloyds to recover any of Miss W's money (though I can see it tried). I don't think there was anything more Lloyds could have done here.

I know this will be extremely disappointing for Miss W, but I don't find Lloyds needs to pay her more than it already has paid. I think it is fair for the loss to be shared equally between Lloyds and Miss W. That means I won't be asking the bank to do anything further.

### **My final decision**

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 18 September 2023.

Stephen Dickie  
**Ombudsman**