

## The complaint

Ms M complains that Lloyds Bank PLC won't refund the money she lost when she was the victim of a scam.

## What happened

In May 2022, Ms M saw a friend on a social media website posting about an app they had been using to make money. The app allowed users to deposit money to unlock tasks, which were typically visiting or liking products on an online marketplace, and then to earn money by completing those tasks. Each completed task would earn the user a small payment and, by depositing larger amounts, users could unlock tasks that earned larger payments. Ms M was interested in making some extra money so signed up to the app and made two payments to deposit money into it, as directed to by someone she understood to be working for the company running the app.

Ms M has said the payments she made were to buy cryptocurrency, which was then deposited into her balance which she could see on the app. I've set out the payments Ms M made below:

Date	Amount
30 May 2022	£4,000
30 May 2022	£100

Unfortunately, we now know the app and the company running it were a scam.

The scam was uncovered when a group chat where users could discuss the app was muted, the company running the app stopped responding to messages and the app disappeared. Ms M then reported the payments she had made to Lloyds and asked it to refund the money she had lost.

Lloyds investigated and accepted that it could have done more to protect Ms M and intervened when she made the first payment, as it was out of character for her. But it also felt Ms M could have done more to check who she was paying, and so should share some responsibility. And, as the bank the money was sent to had also accepted some responsibility and refunded one third of the money she lost, Lloyds also refunded one third of the money Ms M had lost. Ms M wasn't satisfied with Lloyds' response, so referred a complaint to our service.

I sent Ms M and Lloyds a provisional decision on 1 September 2023, setting out why I wasn't intending to uphold the complaint. An extract from my provisional decision is set out below:

*"Are the payments covered by the CRM code?"*

*I've first considered whether the CRM code applies to the payments Ms M made as a result of this scam.*

*The Lending Standards Board Contingent Reimbursement Model (the CRM code) is a voluntary code Lloyds has signed up to. It sets out a number of circumstances in which firms are required to reimburse customers who have been the victims of certain types of scams. But it only covers certain types of payments where a customer paid funds to another person for what they thought were legitimate purposes, but which were in fact fraudulent.*

*Ms M has said the payments she made were to buy cryptocurrency, which was then added to her balance in the app. I recognise that she only did this under the direction of the scammer. But the buying of cryptocurrency isn't one of the types of payments covered by the code. And the purchase of the cryptocurrency itself appears to have been genuine, as Ms M appears to have actually bought cryptocurrency before sending it on to the scammer. So the way the CRM code is written means that I don't think it applies to these payments.*

*Did Lloyds do enough to protect Ms M?*

*Banks are expected to make payments in line with their customers' instructions. And Ms M accepts she made the payments here. So while I recognise she didn't intend for the money to go to scammers, she did authorise the payments. And so the starting position in law is that Lloyds was obliged to follow her instructions and make the payments. So Ms M isn't automatically entitled to a refund.*

*Even though I don't think the payments Ms M made are covered by the CRM code, the regulatory landscape, along with good industry practice, also sets out requirements for banks to protect their customers from fraud and financial harm. So, in line with this, I think 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 that its customers were at risk of fraud (among 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.*
- 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.*

*And so I've also considered whether Lloyds should have identified that Ms M was potentially at risk of fraud as a result of these payments.*

*Lloyds has accepted that the first payment Ms M made of £4,000 was out of character for her. So I think it should have intervened and made additional checks before allowing it to go through. And, if it had done so, I think the scam would have been uncovered and Ms M wouldn't have made the payments or lost any money. And so I think it would be fair for Lloyds to bear some responsibility for the money Ms M lost.*

*Should Ms M bear some responsibility for the money she lost?*

*I've also thought about whether Ms M should bear some responsibility for the money she lost. And while I appreciate that this was a sophisticated scam, I think there were a number of things about it should have caused her significant concern.*

*Ms M says she found out about the app when a friend of hers on a social media website was posting about it. But she doesn't appear to have ever met this friend in person, and she hasn't given us much detail about their relationship from before this scam. So I don't think it was reasonable to pay such a large amount of money to other people she'd never met, based on the recommendation of this friend, without doing significant further checks into the app first.*

*Ms M doesn't appear to have asked for any proof, or been sent any evidence, that the people she was speaking to were connected to the company running the app. The company documents she's sent us don't relate to the company she's told us she thought was running the app. And she doesn't appear to have asked for or seen any evidence that her friend had successfully withdrawn any money from the app.*

*Ms M has said she thought she was working for the company that was running the app. But she doesn't appear to have been sent any paperwork or documentation about her employment or the work she would be doing for the company – which I think should have caused her significant concern.*

*Ms M was also asked to send money to an individual, rather than directly to the company she thought she was working for – which I think would be unusual for a legitimate company. And she was asked to mislead Lloyds about the reason for the payments – which I think should have caused her concern.*

*And so I think it would be fair for Ms M to bear some responsibility for the money she lost.*

*Overall then, I think it would be fair for Ms M and Lloyds to share responsibility for the money she lost.*

*Ms M has already been refunded two-thirds of the money she lost – one third from Lloyds and one third from the bank the money was sent to. And I think this represents a fair sharing of the responsibility. So I don't think it would be fair to require Lloyds to refund any more than it has already.*

*Did Lloyds do enough to try to recover the money Ms M lost?*

*We expect banks to take reasonable steps to try to recover the money their customers have lost, once they are made aware of a scam.*

*Lloyds' evidence shows it contacted the bank the money was sent to within a reasonable amount of time, to try to recover the money Ms M had lost. So I think it has done all we'd expect it to do to try to recover the money. And, particularly as the payments were made more than a week before Lloyds was told of the scam and scammers usually move money on immediately to avoid it being traced or recovered, I don't think anything Lloyds could reasonably have been expected to do would have led to the money being recovered."*

*I said I'd consider anything further Ms M 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.*

Ms M replied to the provisional decision saying she didn't agree, but didn't send in any further evidence or arguments to be considered. And Lloyds didn't send in anything further following the provisional decision.

As neither Ms M nor Lloyds sent in any further evidence or arguments, I still think the conclusions I reached in the provisional decision are correct – and for the same reasons.

I still think it would be fair for Ms M and Lloyds to share responsibility for the money she lost, and that the amount Ms M has already been refunded represents a fair sharing of the responsibility. So I don't think it would be fair to require Lloyds to refund any more than it has already.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 3 November 2023.

Alan Millward  
**Ombudsman**