

The complaint

Mr S complains that Lloyds Bank PLC (“Lloyds”) won’t refund his remaining loss of over £34,000 he lost to an employment scam beginning in November 2022.

What happened

The details of this complaint are well known to both parties, so I won’t repeat everything again here. In brief summary, Mr S fell victim to an employment scam after he was contacted by a sham recruiter offering a remote working opportunity that involved reviewing products online, for which he would receive commission. However, he was told that he would need to deposit funds into a cryptocurrency account in order to obtain higher value products and better commission.

Mr S subsequently made payments totalling over £150,000 between 27 November 2022 to 12 January 2023 to his cryptocurrency platform from his Lloyds account, which was then transferred on to the scammer from his cryptocurrency wallet. He realised he had been scammed when he was repeatedly being asked to pay further fees in order to withdraw his earnings.

Mr S reported the fraud to Lloyds and asked it to consider reimbursing the money he’d lost as he said it didn’t do enough to protect him from financial harm. Lloyds conceded that it could have done more to protect Mr S as of the tenth payment he made on 30 November 2022, as it had spoken to Mr S at this point, where he said he thought he was being scammed. He called Lloyds back a couple of days later to inform it that he wasn’t being scammed, but Lloyds failed to follow this up or look into it further. As a result, it agreed to refund Mr S’s total loss from this point onwards, totalling £109,757.97, as well as £100 for the poor service he received after reporting the fraud.

Mr S didn’t think this was fair as he thought Lloyds should have prevented his losses sooner, so he referred the matter to this service.

Our investigator didn’t uphold the complaint. She noted that Lloyds did flag several payments with Mr S, but that he hadn’t been upfront about the job scam and said he was making payments towards an investment. So, she didn’t think any earlier intervention would have likely prevented the scam. Mr S disagreed, so 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 agree with the conclusions reached by the investigator for the following reasons:

- It isn’t in dispute that Mr S authorised the disputed payments he made from his Lloyds account. The transfers were requested using his legitimate security credentials provided

by Lloyds, and the starting position is that firms ought to follow the instructions given by their customers in order for legitimate payments to be made as instructed.

- Lloyds has already agreed to refund the money Mr S lost from the tenth disputed payment made on 30 November 2022, when he initially suspected that he was being scammed. However, I've considered whether Lloyds should've done more to prevent Mr S from falling victim to the scam prior to this, as there are some situations in which a firm should reasonably have had a closer look at the circumstances surrounding a particular transfer. For example, if it was particularly suspicious or out of character.
- Mr S made a series of payments to his Binance account in quick succession on 30 November 2022, so I think it could have spoken to him sooner that it did – e.g. from the fourth payment he made that day, as there would have been enough suspicious activity by this point to indicate a heightened risk of financial harm. However, even if Lloyds had spoken to Mr S at this point and given him a scam warning, I'm not persuaded it would have ultimately prevented him from going on to make further payments.
- I say this because, although Mr S initially had suspicions that he was being scammed (which he told Lloyds about on 30 November 2022), the scammer was subsequently able to convince him that he wasn't being scammed and to continue making further payments. Mr S later told Lloyds on 2 December 2022 that he was satisfied he was dealing with a legitimate business. He also then wasn't forthcoming about the true nature of what he was doing. He told Lloyds that no one had contacted him asking him to make the payments, or had told him to take out any loans, which wasn't true. Mr S also gave the impression that he was investing and that he had been doing this for a long time. He did not mention that he was making the payments as part of his job when he was later questioned about the payments. Lloyds warned Mr S about the scam risks associated with cryptocurrency transactions, but he continued to make the payments.
- As a result, while I think Lloyds could have intervened and questioned Mr S sooner, I'm not persuaded it would have ultimately prevented the scam, as it's clear that the scammer was able to convince him it was legitimate, and it seems he also misled the bank as to the purpose and circumstances of the payments. Lloyds has accepted that it ought to have done more from the point that Mr S initially informed it of his concerns on 30 November 2022 and has offered to refund the money he lost from this point, which I think is fair. But after considering all the evidence in this case – and in light of Mr S subsequently being convinced by the scammer to continue making payments despite his concerns – I don't think it would be fair and reasonable to ask Lloyds to refund any of the payments he made prior to this.
- I also don't think there was anything more Lloyds could've done to recover the money from the receiving accounts after Mr S reported the fraud either, as we know the funds were swiftly transferred out of his crypto wallets and on to the scammer.
- Lloyds has also offered £100 compensation for the poor service it provided in failing to respond to Mr S's fraud claim when it was first reported, which I'm satisfied is fair compensation in these circumstances for the distress and inconvenience caused.

I appreciate this will likely come as a disappointment to Mr S, and I'm sorry to hear he has fallen victim to a cruel scam. However, I'm not persuaded Lloyds would need to pay anything over and above what it has already offered.

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 Mr S to accept or reject my decision before 30 May 2024.

Jack Ferris
Ombudsman