

The complaint

Mr P complains that Lloyds Bank PLC (“Lloyds”) have failed to refund over £15,000 he lost to an investment scam.

The details of this complaint are well known to both parties, so I won’t repeat everything again here. Instead, I will focus on giving the reasons for my 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.

Having done so, I agree with the conclusions reached by the investigator for the following reasons:

- It isn’t in dispute that Mr P authorised the disputed payments he made to his crypto wallets using his Lloyds debit card (where his funds were subsequently transferred on to the scammers from those wallets). The payments were requested by him using his legitimate security credentials, and the starting position is that banks ought to follow the instructions given by their customers in order for legitimate payments to be made as instructed.
- However, I’ve considered whether Lloyds should have done more to prevent Mr P from falling victim to the scam, as there are some situations in which a bank should reasonably have had a closer look at the circumstances surrounding a particular transfer. For example, if it was particularly out of character.
- I appreciate that overall, Mr P has lost over £15,000 which is a significant amount of money. But this amount wasn’t paid in one large or ‘out of character’ transaction. It was spread over 11 separate smaller increments which, in my judgment, would not have appeared particularly unusual or out of character when compared with Mr P’s account activity, such that they ought to have been regarded as suspicious or indicating that he might have been at risk of falling victim to a scam. The payments were not of such an amount, for example, that any of them would represent a significant deviation from the way Mr P’s account was normally run.
- So, having considered the payments Mr P made to his CB Payments and Binance wallets, I’m not persuaded there was anything that ought reasonably to have triggered Lloyds’ fraud monitoring systems, or that would have indicated he was in the process of being scammed. Therefore, I don’t think its failure to look more closely into the payments can be considered the proximate cause of Mr P’s loss in these circumstances.
- Lloyds are also under no obligation to refund the money to Mr P under the Contingent Reimbursement Model (CRM) Code either, as the code only applies to authorised push payments (of which these were not, given they were made via debit card).

I appreciate this will likely come as a disappointment to Mr P, and I'm sorry to hear he has been the victim of a cruel scam. However, I'm not persuaded that Lloyds can fairly or reasonably be held liable for his loss in these circumstances.

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 P to accept or reject my decision before 31 August 2023.

Jack Ferris
Ombudsman