DRN-4551907

The complaint

Miss S complains that Lloyds Bank PLC refuses to refund the money she lost to a job scam.

What happened

I'm not going to cover all the points raised in detail. The view of 8 December 2023 covered the detailed timeline of the transactions and the details of Miss S's testimony.

But briefly, Miss S fell victim to a job scam. Between 9 January 2023 and 16 January 2023 Miss S transferred a total of £4,213 (over a number of transactions ranging from £25 to £2,255) from Lloyds to her other bank account (subject of a separate complaint) then from there on to the scammer.

Our Investigator did not uphold the complaint. She considered the loss actually occurred from Miss S's other account. She also didn't think the transactions ought to have led to Lloyds intervening on the payments.

Miss S did not agree. As the case couldn't be resolved informally, it's been passed to me for a 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 Miss S was the victim of a scam and I can understand why she wants to do all she can to recover the money she has lost. She's lost a lot of money through no fault of her own. But that alone doesn't mean that Lloyds must reimburse her. It's important to emphasise that I'm only considering whether Lloyds, which had no involvement in the scam itself, should be held responsible for what happened.

It's not in debate that Miss S has fallen victim to a cruel scam. But I can only compel Lloyds to refund Miss S if it is responsible for the loss incurred. Having carefully considered the circumstances of this complaint, I can see no basis on which I can fairly say that Lloyds should be held liable for some or all of Miss S's loss. I will explain why.

The starting position at law is that banks and building societies are expected to process payments and withdrawals that their customers authorise them to make. Miss S made the payments herself. This means that they were authorised payments, even though Miss S did not intend for this money to go to fraudsters.

I agree the loss did not occur directly from Miss S's Lloyds account but, taking into account the law, regulatory rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I still consider Lloyds should fairly and reasonably be on the lookout for unusual and out of character situations which can indicate that a transaction could involve fraud or be the result of a scam.

So I've also considered whether Lloyds should have identified that Miss S was potentially at risk of falling victim to fraud as a result of the payments, or otherwise done more to protect her.

Lloyds did not identify the payments Miss S made as being out of character or suspicious at the time. When considering what payments should be considered significantly out of character, it's often a finely balanced matter – and firms have a difficult balance to strike between identifying transactions where there are indications of higher fraud risks and allowing customers to utilise their accounts as they want to with minimal unnecessary disruptions. Banks can't reasonably be involved in every transaction.

I appreciate there were three payments on the same day; the third transfer of £2,255 - being the highest Miss S made towards the scam. But I don't consider the payments or pattern of payments Miss S made would have stood out enough to the bank to be considered unusual or suspicious. With the benefit of hindsight, we now know that the payment Miss S made was going to be lost to fraud. But when Miss S sent the money, this wouldn't have been obvious to Lloyds. The payments were being sent to her own account elsewhere and unremarkable (although I appreciate it is a lot of money to Miss S). Miss S had frequently sent funds to her own account – an existing and established payee. So the payments did not obviously look like fraud and I don't think the bank missed a clear opportunity to identify a potential scam risk.

I've also thought about whether Lloyds ought to have refunded the loss for any other reason, and in particular, whether Lloyds ought to have reimbursed Miss S under the provisions of the Lending Standards Board's voluntary Contingent Reimbursement Model Code, which Lloyds is signatory to. But the CRM Code is quite explicit that it doesn't apply to all push payments.

The CRM Code only covers scam payments when the funds are being transferred to another person and not to a consumer's own account. In this case, Miss S sent the money to her own account held with another institution. This means I don't think Lloyds is responsible for reimbursing her because of any obligation under the CRM Code.

Having carefully considered everything, there is not enough here for me to think Lloyds should have suspected Miss S might be the victim of a potential scam at the time she made the payments. As the funds went to Miss S's own account elsewhere and then on from there, there was little opportunity for Lloyds to recover those funds or find out more specific details about where they are now.

I know my outcome is going to come as a disappointment to Miss S. But for the reasons I've explained, I'm satisfied Miss S isn't due a refund under the CRM Code. Nor can I see there are any other grounds on which I could say that Lloyds should bear the responsibility for the loss.

My final decision

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss S to accept or reject my decision before 9 February 2024.

Kathryn Milne
Ombudsman