

## **The complaint**

Mr W has complained Lloyds Bank plc did nothing to intervene and stop payments he was making which turned out to be a scam.

## **What happened**

In 2022 Mr W started to look on LinkedIn to potentially invest in cryptocurrency. He submitted his contacts details online and got a call from a company (who I'll call P). He was convinced by their professionalism and decided to invest and open a trading account as advised.

Someone from P encouraged him to load software onto his laptop allowing them to help him with his trading. Mr W was happy to do this as he was hoping to learn from P.

The first transactions included an initial payment of £10 followed by a transaction for £5,000. This second payment alerted Lloyds and they discussed this payment with Mr W. He was warned of the risks in investing in cryptocurrency and that the company he told Lloyds he was in touch with was not regulated by the Financial Conduct Authority.

Mr W received a payment of £11,701.13 from his electronic trading wallet but was discouraged by P from making any further investments because of market volatility.

In October and November 2022, Mr W made a series of further payments to a wallet. These were for very large amounts including £285,000 and £250,000. In the case of the latter payment, Mr W went into a Lloyds branch to discuss such a high-value payment and why this was being made. Lloyds were sufficiently concerned to invoke the Banking Protocol. Following a discussion with the police, who were unable to confirm any further concerns, Lloyds agreed to make the payment on Mr W's behalf.

Mr W continued to be told he needed to provide further funds to ensure the payments due to him could be released. He made payments of £22,000 on 21 November and £33,000 on 24 November 2022. In both cases Lloyds spoke to Mr W about these payments (the latter payment in branch because of its high value) and was warned about crypto investments.

Soon after Mr W realised he wasn't getting his money back and complained to Lloyds. As the wallet was set up in Mr W's name, Lloyds believed there was nothing further they could do. Mr W confirmed funds had been moved from his wallet account by the scammers.

Mr W later engaged help with pursuing a claim against Lloyds. However Lloyds felt they'd done what they should have done to intervene in the payments Mr W had made. As Mr W was set on making these transactions, they didn't feel they could have done anything further.

Mr W's representatives brought his complaint to the ombudsman service.

Our investigator reviewed the evidence including phone calls between Mr W and Lloyds along with the checklist used for high-value transactions (which included the payments for £285,000, £250,000 and £33,000) made in branch. She noted Mr W had consistently misled

Lloyds about the third-party involvement, that software had been downloaded to his laptop and that he appreciated the risks of investing in cryptocurrency. She wasn't going to ask Lloyds to do anything further.

Mr W disagreed with this outcome. He's asked an ombudsman to consider this complaint. His representatives have suggested that Lloyds should have absolutely stopped the payment made for £250,000.

### **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've reached the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

It's worth noting that I won't be repeating all of the detail our investigator covered in her view of 8 December 2023, but I can confirm I have reviewed all the evidence about all of the payments.

I don't dispute Mr W was scammed and has lost a considerable amount of money from his pension and savings. He has my sympathy about what he has gone through as the amounts he's lost are life changing.

There's no dispute that Mr W knew about and authorised all of the payments. Mr W believed he was loading up his wallet enabling trading to be carried out or to facilitate the profit he'd made to be paid to him.

I'm satisfied the transactions were authorised under the Payment Services Regulations 2017

It's generally accepted that Lloyds has an obligation to follow Mr W's instructions. So in the first instance Mr W is presumed liable for his loss. But that's not the end of the story.

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider that Lloyds should:

- have been monitoring accounts and payments made or received to counter various risks, including fraud and scams, money laundering, and the financing of terrorism.
- 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 (amongst other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which financial institutions 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 its customers from the possibility of financial harm.

Mr W fell victim to an investment scam. These unfortunately aren't particularly unusual but

are invidious in the way those carrying out the scam inveigle themselves into someone's trust.

But throughout the period Mr W was making payments from February to November 2022, Lloyds blocked payments, discussed payments or required these to be made in branch. There are calls covering the payments which Lloyds identified as risky. Even from the off, the second payment Mr W made of £5,000, I can see that Lloyds intervened. Further intervention, including invoking the Banking Protocol as Mr W attempted to make a payment for £250,000, followed.

It seems clear to me that throughout Mr W lied to Lloyds. He reassured them he understood the risks of investing in cryptocurrency. He was warned that the company he said he was investing with (P, although Mr W used another name) was not authorised by the FCA. And no advice that he'd received from them would be covered by regulation. Mr W continually denied he was receiving advice and omitted to tell Lloyds that he'd loaded software to his laptop to provide P access.

I absolutely appreciate that Mr W would have been told numerous stories by P about how banks approach cryptocurrency and he would have been persuaded their questions were all about stopping him from investing and getting high investment returns. Therefore I'm not totally surprised he was resistant to their questioning.

However when Mr W went into branch to make the payment of £250,000, not only did he hear the warnings Lloyds provided, he would have noted their sufficient concern to get him to discuss this with the police. This still didn't dissuade Mr W from making the payment.

As I've stated above, a bank is obliged to follow its customer's instructions and in light of Mr W's strong denials that anything was wrong, I don't agree that Lloyds should have blocked the payment.

In this decision, I haven't gone through all the individual payments Mr W wants reimbursed but I have considered the evidence relating to them all. So I can see that two payments Mr W made (for £285,000 and £24,000) were identified as potentially fraudulent and returned to him by the payment platform involved. Even this didn't dissuade Mr W from proceeding.

I appreciate the impact these losses must have had on Mr W. However I am unable to ask Lloyds to do anything further.

### **My final decision**

For the reasons given, my final decision is not to uphold Mr W's complaint against Lloyds Bank plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 7 March 2024.

Sandra Quinn  
**Ombudsman**