

The complaint

Mr R complains that Lloyds Bank PLC didn't do enough to protect him when he fell victim to a cryptocurrency investment scam.

What happened

Mr R saw an advert on a video streaming website for cryptocurrency investing platform and in May 2022 began sending money to this opportunity. He had to make an initial investment of £5,000 and was advised by his broker to send this in two payments to avoid suspicion by his bank. Mr R sent payments between May and June 2022, before realising he'd been scammed when he couldn't withdraw his funds.

Mr R complained to Lloyds that it should've warned him about these scams and this would've prevented his losses. But it didn't uphold his complaint.

Mr R came to our Service, but our investigator didn't uphold his complaint and said Lloyds did enough in this case. Mr R asked for an Ombudsman to reconsider his case. I informally emailed his representative as I considered Lloyds ought to have done more when asking questions about one of the payments. But I said I wasn't persuaded that this would've prevented Mr R's loss. Mr R's representative responded asking me to reconsider the case. It said Lloyds had clearly failed in its obligations. And just because Mr R was being coached by the scammer didn't mean it should be assumed this would've worked. So the case is back with me for a final 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 taken into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, I agree Lloyds ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

Lloyds did find one of Mr R's payments suspicious. It called Mr R to discuss his account when he was attempting his second payment to the cryptocurrency merchant and blocked his account at this time until it had spoken to him. This is the point I would've expected Lloyds to intervene. Having listened to the call, I agree with Mr R's representative that Lloyds could have enquired more about what Mr R was doing and the payments he was attempting.

Where something didn't happen that should have, I'm required to make this decision based on the balance of probabilities; that is, what I find is more likely than not to have happened if things had gone as they should. I've carefully considered all of the available evidence. But having done so, I'm not persuaded that a better intervention with more questioning and a general scam warning would've made a difference here.

I say this because Mr R has told us he'd been subject to social engineering and was being

coached by the scammer. He's explained that the scammer told him to split the £5,000 payment into two payments to not raise suspicion with the bank, which he did. And he's explained they said the bank wouldn't want him to succeed in making money. He's also shared they told him what to say to the bank and predicted he'd receive a call when making the payments.

Mr R's representative originally said that Lloyds would've realised Mr R was lying to it if it had asked more questions on the call. Then it later, after we didn't uphold the case, stated Mr R wasn't lying in the call, so there's no evidence he would've lied to Lloyds.

Considering Mr R's told us he was coached for this call by the scammer, and we know he was following their instructions, for example by splitting the payment, it seems most likely to me that he wouldn't have shared the full details of what he was doing with Lloyds. And so the scam wouldn't have been uncovered. Mr R is the one who, via his representative, told us he was coached for the phone call – so I am basing my decision on his testimony and the actions we can see he took.

Mr R's representative has said that no scammer can prepare a victim for a live telephone call. But we're aware that in these calls firms are looking for behaviours/information which is indicative of a scam. So we know scammers coach their victims not to reveal this information – in the same way Mr R was coached to split his payment. I accept a scammer can't predict how the exact call will go, but they can heavily coach their victims on what to say and what not to say. Mr R's representative has said there's no evidence of how detailed the scammer's preparation was – but it's for Mr R to share/provide this information. Despite the opportunity, he has not done so, he's only shared he was coached.

Considering when the payments were made, May 2022, I would've expected Lloyds to ask some additional questions of Mr R and give a general scam warning. But I'm not persuaded this would've resonated with him or overridden his trust in the scammer. He had invested in cryptocurrency before so had some confidence in how it worked and he trusted the broker enough to split his payment in the way they instructed. Mr R also sounds confident on the call and refers to his previous investing. In relation to additional questioning, I think it's most likely Mr R would've answered in a way to avoid suspicion or detection of the scam by Lloyds – in line with the typical coaching we see. So I'm not persuaded a better call would've unravelled this scam.

Coming to what was actually discussed in the call, Mr R's representative says that Lloyds gave "*positive affirmation*" of the transfer. But I can't agree that's the case. I accept the advisor does, at one stage, discuss the cryptocurrency merchant in a positive way. But she says that in order to make money, you have to leave your funds in it – Mr R knows he isn't doing this and is moving his money straight out. She also says (when he asks her) that she personally wouldn't use the merchant because of the scams she sees. And later she gives an example around people being asked to pay extra money in to get funds back. So I consider she actually gives a balanced view of the merchant and does highlight there are scam risks with using it.

I've then considered whether Lloyds could've recovered Mr R's funds, but I'm not persuaded there were any prospects of this, given the money was used to purchase cryptocurrency from a legitimate provider.

Whilst Mr R has undoubtedly been the victim of a cruel scam, I can only uphold his complaint if I'm satisfied Lloyds' failings made a material difference to what happened. For the reasons given, I'm not persuaded they did in this case.

My final decision

For the reasons given above, I don't uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 28 February 2025.

Amy Osborne
Ombudsman