

The complaint

Mr H complains that Lloyds Bank PLC (“Lloyds”) hasn’t protected him from losing money to a scam.

What happened

The background to this complaint is well known to both parties, so I won’t repeat everything here. In brief summary, Mr H has explained that in November 2023 he made a number of payments totalling around £6,000 from his Lloyds account as a result of what he thought was a legitimate investment opportunity. Mr H subsequently realised he’d been scammed and got in touch with Lloyds. Ultimately, Lloyds didn’t reimburse Mr H’s lost funds, and Mr H referred his complaint about Lloyds to us. As our Investigator couldn’t resolve the matter informally, the case has 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.

Having done so, I’ve decided to not uphold Mr H’s complaint for materially the same reasons as our Investigator.

If Mr H has been the victim of a scam here, he has my sympathy. Ultimately, however, if this is so, Mr H has suffered his loss because of fraudsters, and this doesn’t automatically entitle him to a refund from Lloyds. It would only be fair for me to tell Lloyds to reimburse Mr H his loss (or part of it) if I thought Lloyds reasonably ought to have prevented the payments (or some of them) in the first place, or Lloyds unreasonably hindered recovery of the funds after the payments had been made; and if I was satisfied, overall, this was a fair and reasonable outcome.

I’m satisfied Mr H authorised the relevant payments. Lloyds would generally be expected to process payments a customer authorises it to make. And under The Payment Services Regulations and the terms and conditions of the account, Mr H is presumed liable for the loss in the first instance, in circumstances where he authorised the payments. That said, as a matter of good industry practice Lloyds should have taken proactive steps to identify and help prevent transactions – particularly sufficiently unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there are many payments made by customers each day and it’s not realistic or reasonable to expect Lloyds to stop and check every payment instruction. There’s a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments (allowing customers ready access to their funds).

Here, having reviewed Mr H’s account and the payments he said he made as a result of fraud, I’m not persuaded Lloyds ought to have found any of the payments sufficiently suspicious such that it ought to have made further enquiries of Mr H before processing them. I accept that the payments were to a crypto provider, but that doesn’t mean payments should automatically be treated as sufficiently suspicious to warrant intervention. Here, the

payments were individually and collectively, spaced as they were, not of the type that I could reasonably expect Lloyds to have been concerned about them. And whilst I've considered that Lloyds did speak to Mr H about the first of his payments, I've listened to a recording of that telephone conversation and can see that Lloyds only really checked whether it was Mr H making the payment (rather than enquiring around the context of the payment and checking whether Mr H was potentially being scammed) but bearing in mind the nature of this payment I can't say this was unreasonable or that I could reasonably say a proportionate response would mean that Lloyds ought to have gone further than this. This means I can't fairly say Lloyds unreasonably failed to prevent the payments, or that it should be held responsible for Mr H having made and lost them.

The only potential avenue to have recovered debt card payments like this, after they were made, would have been via the chargeback scheme. However, Mr H made the payments to the crypto exchange (and not directly to the scammers). This means the merchant here, for chargeback purposes, would be the crypto exchange (and not the scammers). The crypto exchange would have legitimately provided the service intended. Any subsequent transfer of the cryptocurrency onto the scammers would not give rise to valid chargeback claims through Lloyds. So I don't think these particular payments were reasonably recoverable through Lloyds once they had been made.

I'm sorry if Mr H was scammed and lost this money. But despite my natural sympathy, I can't fairly tell Lloyds to reimburse him in circumstances where I'm not persuaded it reasonably ought to have prevented the payments or to have recovered them.

My final decision

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 3 June 2025.

Neil Bridge
Ombudsman