

## **The complaint**

Mr A, via a representative, complains that Lloyds Bank PLC ("Lloyds") have failed to refund the money he lost as part of a scam.

## **What happened**

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

In summary though, Mr A met someone on a well-known social media platform. I will call this person C. They persuaded Mr A that they used a company that I will call D for bidding on Non Fungible Tokens ("NFT") and that they earned commission for doing this.

Mr A then made over 30 transactions totalling over £100,000 via card payments and transfers to a number of crypto exchanges in December 2022 and January 2023. My understanding is that the funds were then converted into crypto and were then sent to D.

When Mr A attempted to withdraw the "commission" that he could see on D's 'platform', he was told that he had to pay additional fees. At this point Mr A realised that he had been scammed.

Mr A asked Lloyds to refund these payments, as he believes Lloyds should have done more to prevent him from being scammed in the first place. Lloyds did not agree with this.

One of our investigators looked into this matter and she thought that, given the answers Mr A gave during phone calls with Lloyds, that any intervention would likely not have stopped the scam. She therefore did not uphold this complaint.

Mr A did not agree with this and therefore his complaint has been passed to me to issue 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 agree with the conclusions reached by the investigator for the following reasons.

It isn't in dispute that Mr A authorised the disputed payments he made from his Lloyds account. The payments were requested by him using his legitimate security credentials provided by Lloyds, and the starting position is that Lloyds 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 A from falling victim to the scam, as there are some situations in which it should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character.

Lloyds intervened later on in the scam and asked some questions about what the payment in question was for. I do think however, that Lloyds should have intervened earlier, given the size of the payments made and the pattern these payments formed. This is despite Mr A having a history in sending money to crypto related firms.

That said, even if Lloyds had intervened earlier and asked him questions in a phone call, I don't think that it would have stopped the scam. I will explain why.

Mr A provided answers to the questions asked in the later intervention with Lloyds that were misleading. For example, he said that he was making the payments to his own crypto wallet; that he had not been instructed to make the payments by a third party; that he was not moving the funds on from his crypto wallet; and that he was moving the funds to his crypto wallet to stake tether (a stable coin). At no point does he mention that he was sending funds to his crypto wallets in order to purchase NFT's on advice from someone he had met on a social media platform.

I have considered what would have happened had Lloyds asked Mr A more probing questions about what he was doing, earlier on in the scam. But I don't think that this would have stopped the scam. I say this because Mr A was clearly very knowledgeable about crypto investing, given that he had invested since 2017. And he was clearly convinced at the time that what he was investing in was a legitimate investment. So I think that he would have been able to provide sufficiently convincing answers to any questions that he may have been asked, to ensure the payments were made.

So, I think it likely had Lloyds intervened more and asked more probing questions, Mr A would have given answers designed to allay the suspicions of Lloyds. I also don't think that any general crypto warnings given by Lloyds would have stopped Mr A from carrying on with the payments he was making. I say this because the type of scam that he had fallen for was unusual, in that it seems to be partly an advance fee scam and partly a crypto scam and had the added element that it related to NFT's. I also note that, when Lloyds did intervene, he was given a general warning about meeting people online and taking investment advice from them and that they would persuade people to send funds to fake platforms – which is essentially what happened to Mr A. And this did not stop Mr A from carrying on with the scam.

So taking everything into consideration, I think that Lloyds should have intervened more than it did. But even if it had intervened further, I don't think the scam would have been stopped.

I've also thought about whether Lloyds could have done more to recover the funds after Mr A reported the fraud.

Lloyds are under no obligation to refund the money to Mr A under the Contingent Reimbursement Model (CRM) Code as it does not cover payments that are made to accounts that are in the same account holder's name. I also don't think that a chargeback would have been successful for the card payments, as essentially the payments were a means to move money from Mr A's account to a crypto exchange and from what I have seen, it appears that Mr A did then obtain the crypto – it was only when he transferred the crypto on did the loss then occur. So overall I don't think the funds could be recovered via other means.

I appreciate this will likely come as a disappointment to Mr A, 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 A to accept or reject my decision before 20 February 2025.

Charlie Newton  
**Ombudsman**