

The complaint

Miss I complains that Lloyds Bank PLC ('Lloyds') hasn't refunded the money she lost to two investment scams.

Miss I referred her complaint to this service with the help of a professional representative. However, for ease of reading, I'll refer only to Miss I throughout my decision.

What happened

The circumstances of the complaint are well-known to both parties. So, I don't intend to set these out in detail here. However, I'll provide a brief summary of what's happened.

Between 11 October 2023 and 3 November 2023, Miss I made ten debit card payments from her Lloyds account to her digital wallet with a well-known cryptocurrency exchange – which I'll refer to as 'C'. In total, she sent £10,391.65 to C. The table below lists the relevant transactions:

Payment	Date	Time	Amount
1	11/10/2023	18:31	£830
2	16/10/2023	16:35	£1,100
3	20/10/2023	22:24	£1,132.89
4	24/10/2023	12:37	£1,328.57
5	27/10/2023	12:00	£1,291.49
6	27/10/2023	12:01	£1,291.49
7	30/10/2023	14:25	£420.20
8	01/11/2023	18:05	£1,235.88
9	02/11/2023	19:48	£844.52
10	03/11/2023	16:24	£916.61

Miss I used the funds to purchase cryptocurrency, which she sent to a third party purporting to be a cryptocurrency trader.

Miss I's explained that some of the payments were sent for the purpose of investing in cryptocurrency, whilst others were to pay fees to withdraw from her investment. The third party was in fact a scammer, who stole Miss I's funds.

On 6 November 2023, Miss I made three faster payments to a third party, totalling £3,893. Miss I believed that the third party would invest her funds, but this also turned out to be a scam and the funds were lost.

In February 2024, Miss I complained to Lloyds about the two scams and asked for a refund of the £14,284.65 she'd lost.

Lloyds said it didn't think the debit card payments to C were suspicious and so it didn't think it needed to have intervened when the payments were made, meaning it wasn't responsible for the loss caused by those transactions. It also said it had no way of recovering the funds from C.

Lloyds also didn't think it was responsible for refunding the three faster payments, as it didn't think Miss I had a reasonable basis for believing it was a genuine investment opportunity. However, it was able to recover £391.66 from the third party's bank.

Unhappy with Lloyds' response, Miss I referred her complaint to this service. Our Investigator considered the complaint, but didn't uphold it. They didn't think Lloyds reasonably ought to have been concerned by the debit card payments to C, meaning it hadn't missed an opportunity to intervene and stop the first scam. They also didn't think Miss I had a reasonable basis for believing the second scam was genuine and, whilst it could've done more to warn Miss I about the second payment to that scammer, it wouldn't have likely made a difference if it had.

Miss I didn't agree with our Investigator's opinion. So, the complaint has been passed to me to decide.

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've reviewed Miss I's bank statements with Lloyds and with another of her banking providers – which I'll refer to as 'R'. Her statements with Lloyds and R suggest she made other payments in relation to the first scam. However, she's confirmed that she is only complaining about the transactions I've referred to above. As a result, my final decision has only addressed those payments.

The first scam

Miss I's ten debit card payments to C took place over a period of 24 days. The transactions ranged in value between £420.20 and £1,328.57. I'm not persuaded Lloyds ought to have been concerned that the pattern of transactions was suspicious.

I'm not of the opinion that the values of the payments were so remarkable that the amount of each individual payment was large enough to have given Lloyds reasonable cause for concern. Furthermore, there weren't significant increases in the amounts she was sending to C. There were also gaps of multiple days between most of the payments. So, there wasn't a pattern of rapid and significantly increased spending that suggested Miss I was at risk of falling victim to a scam.

Miss I has argued that Lloyds ought to have been concerned when she made two payments for £1,291.49 on the same day. However, I don't agree that the second payment on 27 October 2023 was so suspicious that Lloyds reasonably ought to have been concerned and taken steps to question her about it.

I appreciate payments 8 to 10 were made on consecutive days. However, given the value of the payments, I don't think Lloyds should've been concerned that Miss I was at risk of falling victim to a scam.

I accept Lloyds would've known these payments were going to C – a cryptocurrency exchange – and in some circumstances payments to a cryptocurrency exchange could indicate an increased risk of fraud. However, taking into consideration the value and frequency of these payments, I don't think they demonstrated to Lloyds that Miss I was at risk of financial harm from fraud.

Miss I called Lloyds on 31 October 2023 about the £420.20 payment she'd made the day before, to ask why it was still pending. She said the payment was being made to an electronic money institution – which I'll refer to as 'P'. The advisor told Miss I the payment was going to C and not P and asked what Miss I was doing. Miss I said she was trying to send money to a family member. The advisor explained again that the payment wasn't going to P and they recommended Miss I speak to C (the beneficiary) directly to have the payment request cancelled. During that conversation Miss I didn't give any indication that she was sending funds to an investment or reveal any details that would've reasonably given the advisor any concerns that she was making a payment towards a scam. I think Lloyds' response was proportionate to the circumstances explained by Miss I at the time.

As I've explained above, I don't think Miss I's payments to the first scam were so unusual or suspicious that they demonstrated a fraud risk to Lloyds at the time the payments were made. As a result, I'm not persuaded Lloyds reasonably ought to have been expected to have intervened and stopped the scam.

The funds were all sent to Miss I's own digital wallet with C, where they were converted into cryptocurrency and sent to the scammer. If any funds remained in her digital wallet with C, Miss I could've withdrawn these herself without assistance from Lloyds. So, I wouldn't have expected Lloyds to have done anything to try and recover any funds remaining in Miss I's digital wallet with C.

I also don't think Lloyds would've been able to recover the debit card payments through any other method such as a chargeback. There is no statutory right for a chargeback to be raised, and a chargeback is not an absolute right for consumers. Here, the debit card payments went to a genuine merchant – who would have arguably provided its services – so the chargeback wouldn't have had any reasonable prospect of success and would most likely have been defended by C. I don't find Lloyds acted unfairly in not raising a chargeback that had little prospect of success. So, I don't find Lloyds could've reasonably done anything further to recover the loss in relation to the debit card payments.

The second scam

At the time Miss I sent funds to the second scammer, Lloyds was signed up to the Lending Standards Board's Contingent Reimbursement Model Code ('CRM Code'). The CRM Code provided additional protection from APP scams, but only in certain circumstances. All three payments to the second scammer meet the criteria to be considered under the CRM Code.

R2(1) of the CRM Code sets out that firms, like Lloyds, could refuse to reimburse a scam victim if the payment was made without a reasonable basis for believing that it was being made for a legitimate reason. So, I've considered whether Miss I had a reasonable basis for believing the second scammer was genuine.

The second scammer contacted Miss I on social media. She wasn't provided with a contract setting out the terms of her investment. She wasn't given a link to a website, and she doesn't appear to have completed any checks to ensure the scammer was legitimate. Furthermore, she was given details of a personal account to make the payments to.

Miss I was already having trouble withdrawing funds from the first scam, which she was introduced to in a similar way to the second scam. So, I think she ought to have been more cautious when agreeing to invest further funds in a similar scheme. Also, Miss I says she was told to expect a return of around £25,000 within 24 hours (from an investment of less than £4,000), which I think was too good to be true and ought to have given Miss I doubt about the legitimacy of what she was being told.

In the circumstances, I'm not persuaded Miss I had a reasonable basis for believing the second scammer was a genuine investment opportunity. As a result, I'm not of the opinion that Miss I is entitled to full reimbursement of her loss to the second scam under the CRM Code.

Under the principles of the CRM Code, firms are required to give an effective warning when a payment attempt demonstrates a risk of financial harm. So, I've thought about whether Lloyds failed to comply with its obligations under the CRM Code.

The first payment to the second scam was a £999 faster payment to a new payee. I'm not of the opinion that this payment was so remarkable that it demonstrated a fraud risk to Lloyds and so I don't think it needed to provide an effective warning for that payment.

The next payment to the second scam was a £2,500 faster payment to the same new payee. The payment was made less than an hour after the first payment to that new beneficiary and took the total being sent to almost £3,500. In those circumstances, I think Lloyds reasonably ought to have been concerned that Miss I might be at risk of financial harm. In response to that risk, I think Lloyds ought to have provided Miss I with an effective warning for that payment and again for the £394 payment she made approximately 30 minutes later.

When Miss I added the second scammer as a new payee, she was asked the purpose of the payment and chose the option of 'friends or family', despite having the option to select 'investment'. In response, Miss I was shown a warning about scams relating to paying 'friends or family'. Sadly, this warning didn't cover investment scams and so it didn't resonate with Miss I at the time.

When the second and third payments were made to the second scammer, Lloyds didn't show any warnings to Miss I, because the payments were going to an existing beneficiary. So, Lloyds didn't provide effective warnings in response to the fraud risk those payments demonstrated. So, I'm not persuaded it met its standards under the CRM Code.

However, for me to say Lloyds reasonably ought to provide Miss I with partial reimbursement for the second and third payments to the second scammer, I'd need to be reasonably satisfied that it's more likely than not that Miss I would've acted differently in response to an effective warning.

Given Miss I had already given an inaccurate payment purpose for the first payment, it seems more likely than not that Miss I wouldn't have said the second and third payments were being made towards an investment and would, in my opinion, have likely selected that she was paying a friend or family member. So, I don't think an effective warning, covering off scams related to paying friends or family would've resonated with her at the time or led her to act differently. As a result, I'm not persuaded Miss I is entitled to any reimbursement under the CRM Code, despite Lloyds not meeting its obligations.

Once it was made aware of the second scam, Lloyds contacted the beneficiary firm (the scammer's bank) almost immediately and well within a reasonable amount of time to take this action. The beneficiary firm was able to return some of Miss I's funds, but the remaining amount had already been removed from the account. As a result, there wasn't anything further Lloyds could've done to recover Miss I's loss.

I appreciate Miss I has said she was vulnerable at the time she was scammed, due to health concerns and her personal circumstances. I have taken these factors into consideration, but I've not been persuaded that these left Miss I unable to protect herself from the second scam and therefore I don't consider that she should be entitled to reimbursement under the CRM Code because of her circumstances at the time she was scammed.

I haven't seen anything to suggest Lloyds was aware of Miss I's personal circumstances at the time the scams took place. As a result, there were no adjustments in place that Lloyds failed to adhere to that could've prevented the scams taking place.

My final decision

For the reasons explained above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss I to accept or reject my decision before 10 October 2025.

Liam Davies
Ombudsman