

## **The complaint**

Mrs M complains that Lloyds Bank Plc (Lloyds) won't refund money she lost in an investment scam.

Mrs M is represented by a third-party, but for ease of reading I'll refer only to Mrs M.

## **What happened**

Mrs M says she invested in a company after her daughter told her of the investment returns she had made with the same company. She says she read the company's documents, explaining their plans for development and that the documents were highly professional and persuasive. The company owners were starting to develop a public profile, appearing in TV and internet documentaries and articles. She saw and read about the credentials of the company founders and their success and expertise with other companies and was persuaded to invest.

Mrs M made one transaction for £15,500, on 15 December 2021, from her Lloyds account to a cryptocurrency account with another provider, which she had set up in her own name. It was from that cryptocurrency account that she planned to make the investment into the scam company.

Lloyds initially blocked the transaction and asked Mrs M to contact it. During the subsequent call between Mrs M and Lloyds, she confirmed that she wanted the payment to be made.

Some time after the transaction, Mrs M says she realised it had been a scam because she was unable to withdraw amounts from her account with the scam company. She complained to Lloyds. Mrs M says she wasn't sufficiently warned of the risks during the call with Lloyds. She says the little advice she received wasn't relevant or sufficient. She says Lloyds should have carried out further checks on the company and if it had, the transaction wouldn't have gone ahead.

Lloyds says it called Mrs M due to the unusual nature of the transaction. It says it provided appropriate warnings and education about cryptocurrency investments, it asked some detailed questions about the investment and how Mrs M had heard about it. Mrs M confirmed she was aware of the risks and happy to continue. It didn't consider it was responsible for her loss.

Our investigator said he wasn't persuaded there was sufficient evidence to show Mrs M had been the victim of a scam, as there was little to show an investment had been made to a fraudulent company and on that basis he didn't think Lloyds needed to do anything. He also concluded that Lloyds had intervened appropriately and couldn't reasonably have been expected to detect that the payment was fraudulent. He thought Lloyds had asked appropriate questions and Mrs M's answers wouldn't have caused it concern.

Mrs M disagreed and so the complaint has been referred to me to make 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.

Mrs M has explained why she considers the evidence she has provided shows she was the victim of a scam. She has provided extracts of her account statement from her cryptocurrency account, which shows money going into her account and being sent from it. But in my view, this doesn't show the money was sent to scammers, just that it was paid into her cryptocurrency account and paid out.

She has also provided a screenshot, which she says shows the money was sent to scammers, but it isn't clear to me that this is the case. I can't see that the evidence demonstrates a clear link showing this money went from Mrs M's Lloyds account to her cryptocurrency account and was then paid out to the particular scam.

The investigator asked for evidence of communication between Mrs M and the scammers or between Mrs M's daughter and the scammers, to provide some evidence the payment was made to the scam investment Mrs M claims. Mrs M says she doesn't have any evidence of communication, such as emails. I've also listened to the call between Mrs M and Lloyds, but there is no mention of the particular company she says she invested with.

Overall, I'm not persuaded the evidence is sufficient for me to conclude Mrs M invested the money transferred from Lloyds into the scam company, via her cryptocurrency account.

Even if I'm wrong on this point though, I don't think Lloyds is responsible for Mrs M's loss for another reason, which I'll now explore.

The Contingent Reimbursement Model Code (CRM) requires firms to reimburse customers who have been the victims of Authorised Push Payment scams, like the one Mrs M says she has fallen victim to. But there are some circumstances in which the CRM code doesn't apply. Lloyds says this is one of them because the code doesn't apply to transactions between accounts in the customer's own name, as was the case here. I'm satisfied that's correct in this case.

There is no dispute that Mrs M authorised the payment, even though she didn't intend her money to go to scammers. But under the Payment Services Regulations 2017, she is liable for the loss in the first instance. But the matter doesn't end there.

I've considered whether Lloyds could have done more to prevent the scam, having initially blocked the transaction and asked Mrs M to contact it. I've listened to the call recording of the conversation between Mrs M and Lloyds. I've borne in mind that the call happened some years ago.

Lloyds asked some relevant questions, for example, it asked who the intended payee was, what the purpose of the transaction was, it asked if this was Mrs M's first cryptocurrency investment. It asked how she had heard about the investment and whether she had been introduced to it through social media. Mrs M said she hadn't and Lloyds established that Mrs M's daughter had invested in the same investment. Lloyds asked if Mrs M had set up the account herself. It asked why she was investing so much as a first-time investment and Mrs M indicated she was looking for a good return on her money. She said her daughter had been able to make good returns on an investment of about half the size of Mrs M's proposed investment. Lloyds explained that there was a risk with cryptocurrency investments, and she needed to be aware of the risk of losing all her money. Mrs M said her daughter had been invested for some months and she had been waiting to see if her daughter was able to

withdraw money and that her daughter had now been able to make a withdrawal. Mrs M said she knew it was risky, but she wanted higher returns. Mrs M said she had carried-out research and she had tried to find out everything about the company and it seemed alright. Lloyds explained there were lots of scammers promising large returns and once money had been transferred to them, there wasn't any recourse or protection.

Mrs M did seem to suggest, at one point, that the cryptocurrency account would be used to send money on to another company, but she wasn't very clear. Mrs M then added that her daughter had been able to withdraw money and it all seemed ok. I think Lloyds could have probed this further, asking more about the ultimate destination of the money. However, if it had, I'm not sure Lloyds would have said anything materially different. It had warned Mrs M about scam cryptocurrency investment companies promising high returns, it had established that she had not been advised to invest through social media and that she had carried out research. Lloyds could have reiterated its warnings and the importance of being sure about where she was investing her money but given Mrs M's research and her daughter's apparent investment success, I'm not persuaded this would have discouraged her from investing.

Overall, I'm not persuaded there is sufficient evidence to show Mrs M's money was sent to scammers. I also consider Lloyds acted appropriately by intervening. It asked some relevant questions, established Mrs M was making an investment without being put under any pressure to do so, that she was voluntarily investing into a company she had researched and where she had family who had invested successfully. Lloyds warned her of some risks, for example that scammers posed as investment companies and promised great returns. It warned that once money had been transferred to cryptocurrency investments there was little protection. While some of these warnings could have been stronger, in my view, I consider it likely that Mrs M would have invested anyway. She appears to have been very confident in the research she had carried out and in the experience her daughter had with her investment. Because of this, I don't think stronger warnings would have made a difference. I don't think Lloyds is to blame for Mrs M's loss.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 6 November 2024.

Greg Barham  
**Ombudsman**