

The complaint

Mr L complains about Lloyds Bank Plc not refunding several payments he made and lost to a scam.

What happened

The background to this complaint is well-known to both parties, so I won't repeat it in detail here. But in summary and based on the submissions of both parties, I understand it to be as follows.

Mr L complains that from September 2023 he sent several payments to what he thought was a legitimate investment.

Mr L says he met someone on an online dating website who convinced him to invest in cryptocurrency. In total, Mr L invested in three different platforms that turned out to be a scam. When Mr L realised he'd been scammed, he raised a complaint with Lloyds.

Lloyds looked into the complaint but didn't uphold it, so Mr L brought his complaint to our service.

Our investigator looked into the complaint but didn't uphold it. Our investigator didn't think on balance Lloyds could've prevented the losses. She found Mr L was presented with warnings but also spoke to several advisors at Lloyds including a branch visit and didn't give accurate answers to its questions.

Mr L via his representative responded to the investigator's view. In summary they didn't agree that the intervention by the Lloyds advisors had been sufficient – including the visit to the branch.

As Mr L didn't agree with the investigator's view, 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'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the significant part here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Where the evidence is incomplete, inconclusive, or contradictory, I must make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

In line with the Payment Services Regulations (PSR) 2017, consumers are generally liable for payments they authorise. Lloyds is expected to process authorised payment instructions without undue delay. As a bank, they also have long-standing obligations to help protect customers from financial harm from fraud and scams. However, there are many payments made by customers each day and it's not realistic or reasonable to expect a bank 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.

Although the first two payments were to a cryptocurrency exchange, that doesn't automatically mean they should be treated as suspicious; particularly when there are no other concerning factors about the payments. I do appreciate that many banks have made the commercial decision to prevent their customers from using their service to send money to cryptocurrency exchanges and am aware that investing in cryptocurrency is a highly risky investment. Despite this investing in cryptocurrency is ultimately a legitimate endeavour and certain banks and Electronic Money Institutions (EMI) do permit payments to cryptocurrency exchanges.

I also don't think there was anything about the value or frequency of the first two payments that would have indicated a heightened risk of financial harm either, as they were both of a smaller value. Mr L had been making high value payments from his account in the months leading up to the scam and there was nothing that would have indicated to Lloyds that Mr L was in the process of being scammed at that time. So, I'm not persuaded there was anything that ought reasonably have caused Lloyds any concern.

Having said that, payment three is of a value that I think should've raised concerns with Lloyds that Mr L might be at risk of financial harm. The payment was of a higher value and going to a known cryptocurrency provider.

At this point given the amount and the identifiable risk, I'm satisfied that a proportionate warning would've been an automated message asking questions to identify more about the payment purpose. Having considered what impact, I think the warning would've had if Mr L had answered the question accurately, I'm not convinced it would've stopped Mr L from making the payments he did. I'll explain why.

Lloyds did intervene and speak to Mr L before he made payment four and then again on payment five. Mr L spoke to a fraud advisor and correctly told them he was investing in cryptocurrency - but then went on to say he hadn't been guided by anyone, wasn't being advised and had been investing for some time together with a good friend he had known for many years. All of which we now know wasn't accurate. Mr L was also given cryptocurrency scam warnings that contained many of the characteristics of the scam Mr L was falling for but chose to ignore them. This included highlighting that if you are being asked to pay taxes, it's likely a scam, and many of Mr L's payments were for that purpose.

Unbeknown to the Lloyds advisors, Mr L was in contact with the scammer who he had met through a dating app and had started a relationship. The level of influence the scammer held over Mr L likely explains why he felt comfortable withholding information and ignoring the warnings from the Lloyds advisors. I won't go into detail about the level of interaction between Mr L and the scammer throughout the payments being made, as all parties are aware of it, but it's clear the scammer had built trust and had a considerable influence over Mr L and his actions. Although I can see from the messages between the scammer and Mr L that he had some doubts about the legitimacy of the person he was speaking to and the platform at times, the scammer very quickly turned this around and built that trust back again which resulted in Mr L sending more money.

As well as not thinking the intervention calls were strong enough (which I've addressed above) Mr L's representative also didn't think the branch visit intervention went far enough. Mr L's representative feels the bank should've invoked banking protocol.

I've thought about this point carefully, and although I know my decision will disappoint Mr L, I don't agree that the banking protocol should have been invoked. Throughout the interventions, Mr L wasn't displaying the characteristics of someone that was vulnerable or that didn't understand what and/or why the bank was asking him fraud prevention questions. Although Mr L wasn't asked many questions on the call with the fraud advisor in branch, Mr L was able to alleviate Lloyds concerns with his answers and I'm not convinced the agents should've been concerned enough to escalate the branch visit further - specifically Mr L says he heard about investing through the news and had been doing it for some years. If the advisor had gone on to question Mr L more, I'm convinced he would have had plausible and persuasive answers here too.

The consequence of Mr L's actions stopped Lloyds from being able to uncover the scam or prevent his loss. Even if Lloyds had asked further questions or intervened at a later date, I'm not persuaded that Mr L would have been open and honest with his answers to those either. Mr L clearly felt extremely comfortable and had built trust between himself and the scammer, and he would have most likely given answers that would have alleviated Lloyds concerns. It appears on the call that Mr L's main concern was having to go through questioning each time he makes a payment.

Recovery

After the debit card payments were made, the only potential avenue for recovery of the payments would have been through the chargeback scheme. The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. Lloyds is bound by the card scheme provider's chargeback rules. Whilst there is no 'right' to a chargeback, I generally consider it to be good practice that a chargeback be raised if there is a reasonable chance of it succeeding. But a chargeback can only be made within the scheme rules, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

In the circumstances of this complaint, I'm satisfied that a claim would've unlikely been successful. Mr L paid legitimate crypto exchanges, and he would have received a service from the crypto exchange. Mr L's disagreement is with the scammer, not the crypto exchange. And so, it would not have been possible for Lloyds to process a chargeback claim against the scammer as Mr L did not pay them directly. So, I don't think Mr L had any reasonable prospect of success if Lloyds were to have processed chargeback claims against the crypto exchange. So, I can't say that Lloyds acted unfairly when it considered Mr L's chargeback claim.

The transfers Mr L made were also to other accounts in his name. As Lloyds would have only been able to raise claims against where the money was sent to, and we know that money was moved on straight away to the scammer, I'm satisfied no claim would have been successful here either.

Mr L feels that Lloyds should refund the money he lost due to the scam. I understand that this will have been frustrating for him. But I've thought carefully about everything that has happened, and with all the circumstances of this complaint in mind I don't think Lloyds needs to pay Mr L any compensation. I realise this means Mr L is out of pocket and I'm really sorry he's lost this money. However, for the reasons I've explained, I don't find I can reasonably uphold this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 12 June 2025.

Tom Wagstaff
Ombudsman