

The complaint

Mr H complains Lloyds Bank PLC ("Lloyds") didn't do enough to protect him when he fell victim to a scam.

What happened

Both parties are familiar with the circumstances of the complaint, so I'll only summarise the details here.

Mr H said he began speaking with someone on a dating site, who I'll refer to as the scammer, and after several weeks they brought up the subject of investing. Mr H said they discussed cryptocurrency investing and the scammer offered to teach him how to trade. He said they suggested he use a cryptocurrency platform I'll refer to as B, which Mr H said he'd used in the past, and the scammer recommended a trading platform.

Mr H said the scammer helped him set up an account with B and the trading platform which he found impressive, and he had to provide ID to verify himself which will have likely added legitimacy to the investment opportunity, Mr H says he didn't share this information with the scammer.

Mr H told us he began to invest, and after a successful trade was able to make a withdrawal. He said the scammer guided him on trading, and he began investing higher amounts at the promise of higher and faster returns. Mr H said he found the experience to be adrenaline-inducing so when the scammer suggested he invested higher amounts, he did, and as he appeared to be making good profits, he thought it was an opportunity to earn lots of money. Mr H said he felt the scammer cared for him and he was under their spell.

When it came to withdrawing further funds, Mr H said he was asked to pay a fee. He told us he paid what he could, and the scammer said they paid the rest. He said he was then asked to pay an amount for tax and informed the scammer he couldn't make the payment. It seems from the communications with the scammer Mr H continued to communicate with the scammer and intended to pay this amount once he had the funds. However, the scammer stopped communicating and then Mr H couldn't access his trading account any longer. At this time, he realised he'd been scammed.

Below are the payments Mr H made as a result of the scam, from his account with Lloyds via a legitimate cryptocurrency exchange, B:

Payment	Date	Type of transaction	Amount
1	15 December 2021	Card Payment	£100
	24 December 2021	Credit	£43.21
2	26 December 2021	Card Payment	£2,800
3	3 January 2022	Card Payment	£5,000
4	5 January 2022	Card Payment	£5,000
5	8 January 2022	Card Payment	£5,000
6	9 January 2022	Card Payment	£5,000
7	10 January 2022	Card Payment	£3,800

8	24 January 2022	Card Payment	£4,000
9	13 March 2022	Card Payment	£2,670
10	27 March 2022	Card Payment	£15
11	27 March 2022	Card Payment	£1,030

Mr H's bank statements show he made minimal payments to other cryptocurrency providers and received minimal credits during the time the scam occurred. These haven't been noted as being part of the scam. Considering these payments doesn't affect the outcome of this complaint.

Mr H complained to Lloyds, and his complaint wasn't upheld. Unhappy with Lloyds' response, he raised the matter with the Financial Ombudsman. One of our Investigators looked into the complaint and didn't uphold it. They thought it was reasonable for Lloyds to process the payments as Mr H hadn't been accurate about the circumstances around the payments when Lloyds intervened, impacting its ability to prevent his losses.

As an agreement could not be reached, the complaint has been passed to me for 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.

I'm sorry to disappoint Mr H further, 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 refund his money or pay any compensation. I realise this means Mr H is out of pocket and I'm really sorry he's lost this money. However, for the reasons I've explained, I don't think I can reasonably uphold this complaint for broadly the same reasons as our Investigator. I'll explain why.

In broad terms, the starting position at law is that banks and other payment service providers are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.

Mr H authorised the payments in question here – so even though he was tricked into doing so and didn't intend for his money to end up in the hands of a scammer, he is presumed liable in the first instance.

But as a matter of good industry practice, Lloyds should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: as while banks and Electronic Money Institutions should be alert to fraud and scams to act in their customers' best interests, they can't reasonably be involved in every transaction.

I've thought about whether Lloyds acted fairly and reasonably in its dealings with Mr H when he made the payments, or whether it should have done more than it did. In doing so I've considered what Lloyds knew about the payments at the time it received Mr H's payment instructions and what action, if any, Lloyds took prior to processing the payments.

To gain the full picture of the information Lloyds would have had access to, at the time the payments were made, I've reviewed Mr H's account statements. I found several low value

payments in May and July 2021 to B, which show Mr H had previously made payments to B. And I can see Mr H made a large one-off payment for £4,100 in June 2021.

Given the above I don't think payments 1 and 2 ought to have caused Lloyds to be concerned. The payments weren't of an unusually excessive value and are in-keeping with how Mr H generally uses his account. I therefore don't think these payments would have suggested to Lloyds that Mr H was at a heightened risk of financial harm from fraud and so it was reasonable for it to process these payments in-line with Mr H's instructions to do so.

Mr H attempted to make a purchase for cryptocurrency on 31 December 2021 for £450 which was blocked. He called Lloyds to discuss the payment. In summary he was told the payment had flagged for a fraud and scam check and Lloyds shared what it was seeing in relation to scams around cryptocurrencies. The risks of third-party involvement are explained, including help setting up accounts, and Mr H confirms there is no third-party involvement. I appreciate the scammer wasn't acting in a professional capacity, but Mr H's testimony is that the scammer guided him on investing, and he refers to the scammer as '*playing the role of an advisor*'. I therefore don't think Mr H was accurate when he told Lloyds there was no third-party involvement.

At the time this payment was made we would have expected a firm to give a customer general scam warnings which is what Lloyds did, and Mr H confirmed he understood the risks associated with cryptocurrency investments. I therefore think Lloyds' intervention was proportionate at the time the payment was made.

Lloyds also blocked payment 3 and spoke with Mr H prior to processing the payment. During this call Mr H is asked if he is aware of the risks in investing in cryptocurrencies, which he confirms he is and he's asked if he found the cryptocurrency himself, to which he says yes. We know Mr H believed he was investing using a platform suggested by the scammer. For the same reasons given above I think this is a proportionate intervention at the time the payment was made.

Lloyds also blocked payment 6 and Mr H called again to discuss the payment. Lloyds explains it's been stopped to protect the account from fraud. Although I would have expected Lloyds to give a scam warning as it had before, I don't think it would have made a difference to the outcome if it had. I say this because the previous warnings didn't resonate with Mr H and so I'm not persuaded another warning would have.

It could be argued that Lloyd's ought to have intervened on payments 4 and 5 and provided a general scam warning. Again, I don't think it would have made a difference to the outcome if it had, given previous warnings hadn't resonated with Mr H.

I think Lloyds' interventions were reasonable, and where it could have given a warning and didn't I'm not persuaded it would have made a difference to the position Mr H is in. I've also considered that Mr H told us he '*genuinely trusted the scammer*' and was '*well and truly under the scammer's spell*'. This and considering Mr H hadn't been accurate about the involvement of a third party, I'm not satisfied further intervention from Lloyds would have uncovered the scam.

Recovery

I've thought about whether there's anything else Lloyds could have done to help Mr H — including if it took the steps it should have once it was aware that the payments were the result of fraud.

As the transactions were debit card payments, the only option of recovery was via chargeback. But given the payments were made to a legitimate cryptocurrency provider, I don't consider they would have had any prospect of success given there's no dispute the cryptocurrency was provided to Mr H and so, I don't think Lloyds could've recovered his loss.

I'm sorry to disappoint Mr H further, 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 refund his money or pay any compensation. I realise this means Mr H is out of pocket and I'm really sorry he's lost this money. However, for the reasons I've explained, I don't think I can reasonably uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 21 July 2025.

Charlotte Mulvihill
Ombudsman