

**The complaint**

Mr F holds/held an account with Lloyds Bank PLC (“Lloyds Bank”).

Mr F’s complaint is about Lloyds Bank’s refusal to reimburse him money he says he lost due to a scam.

Mr F is represented by CEL Solicitors in this matter. However, where appropriate, I will refer to Mr F solely in this decision for ease of reading.

**What happened**

The circumstances of this complaint are well known to all parties concerned, so I will not repeat them again here in detail. However, I will provide an overview of events.

Mr F says he has fallen victim to a cryptocurrency related investment scam. Mr F says fraudsters deceived him into making payments to what he thought was a genuine investment. The payments in question were all fund transfers made to a Tap investment account in Mr F’s name:

Payment Number	Date	Amount
1	6 November 2023	£25,000
2	15 November 2023	£15,000
3	8 December 2023	£25,000
4	12 December 2023	£23,300

Mr F disputed the above with Lloyds Bank. When Lloyds Bank refused to reimburse Mr F, he raised a complaint, which he also referred to our service.

One of our investigators considered the complaint and did not uphold it. As Mr F did not accept the investigator’s findings, this matter has been passed to me to make a decision.

**What I have 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.

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Having done so, I find that the investigator at first instance was right to reach the conclusion they did. This is for reasons I set out in this decision.

I would like to say at the outset that I have summarised this complaint in far less detail than the parties involved. I want to stress that no discourtesy is intended by this. If there is a submission I have not addressed, it is not because I have ignored the point. It is simply because my findings focus on what I consider to be the central issues in this complaint.

Further, under the rules I must observe, I am required to issue decisions quickly and with minimum formality.

#### Contingent Reimbursement Model (CRM) code

Mr F says his payments went from his Lloyds Bank account to a cryptocurrency account in his name. As the second account was in Mr F's name, his payments are not covered under the CRM code.

#### Regulatory framework

The regulations which apply in this matter are the Payment Services Regulations 2017 ("the PSRs").

#### Should Lloyds Bank have recognised that Mr F was at risk of financial harm from fraud?

It is not in dispute that Mr F authorised the payment transactions in this matter. Generally, consumers are liable for payment transactions they have authorised. However, that is not the end of the story. This is because even if a payment is authorised, there are regulatory requirements and good industry practice which suggest firms – such as Lloyds Bank – should be on the look-out for unusual and out of character transactions to protect their customers from financial harm. And, if such payment transactions do arise, firms should intervene before processing them. That said, firms need to strike a balance between intervening in a customer's payment to protect them from financial harm, against the risk of unnecessarily inconveniencing or delaying a customer's legitimate transactions.

I have borne the above in mind when considering the payment transactions in this matter.

#### *Payments 1 and 2*

These two payments triggered Lloyds Bank's systems prompting it to intervene. Consequently, Mr F telephoned Lloyds Bank to process Payments 1 and 2. I deal with these calls below.

#### Was Lloyds Bank's interventions in Payments 1 and 2 proportionate?

##### *Payment 1*

By telephone call on 6 November 2023, Mr F spoke to one of Lloyds Bank's advisers about Payment 1 being declined. Having listened to the call, I am persuaded that Lloyds Bank intervened in Payment 1 proportionately to the risk identified to try to protect Mr F from financial harm. However, to my mind, this intervention was frustrated by Mr F – thereby

alleviating any concerns Lloyds Bank had about Payment 1.

I say this for the following reasons.

CEL, on Mr F's behalf, submit, amongst other things, *"Your Customer [Mr F] was satisfied that this [the scam] was genuine and decided to enquire. He completed a contact form on the website, providing his name and contact number. Shortly after this, Your Customer received a phone call from someone from Hedge. This person introduced himself as Alex Hoffman (herein referred to as The Scammer)." CEL also submit that the scammer advised Mr F how to open a Tap account and what trades to make.*

However, Mr F did not disclose any of the above during his call with Lloyds Bank – despite the adviser specifically asking him about the investment and whether a third-party had advised him on what to invest in and for how much. For example, one of Mr F's comments during the call was, *"Purely my investment for my control."* Further, when Mr F was questioned about how he had heard about Tap, he said, *"Just everyday knowledge of it through internet, etc."*

The Lloyds Bank adviser also provided Mr F with a robust cryptocurrency scam warning based on the information Mr F provided. Further, the adviser asked Mr F whether he wanted to do further research before making Payment 1. However, Mr F declined this and said he wanted to go ahead.

### *Payment 2*

By telephone call on 15 November 2023, Mr F spoke to another one of Lloyds Bank's advisers. This time about Payment 2 being declined. Having listened to the call, I am persuaded that Lloyds Bank intervened in Payment 2 proportionately to the risk identified to try to protect Mr F from financial harm. However, again, this intervention was frustrated by Mr F – thereby alleviating any concerns Lloyds Bank had about Payment 2.

Like with the 6 November call, Mr F did not disclose that there was third-party involvement – despite being asked by the adviser. Mr F told the adviser he had been trading in cryptocurrency for 12 to 14 months, and that he was just trading within the Tap platform and not moving funds anywhere else. However, this contradicts the following submissions made on Mr F's behalf: *"While on the phone, The Scammer gave instructions to Your Customer on how to open an account on their platform, open an account with Tap to send the money, and then how to send the money into the account to begin investing."*

### *In summary*

For the above reasons, I find Lloyds Bank's interventions in Payments 1 and 2 were proportionate to the risk identified and the misleading answers Mr F provided. Mr F's answers frustrated Lloyds Bank's attempt to protect him from financial harm.

### Mr F's other payment transactions

I have thought about whether Payments 3 and 4 in this matter should have triggered Lloyds Bank's systems prompting it to intervene. Having done so, I am not persuaded they should have triggered interventions. I say this because by the time of Payments 3 and 4, Mr F had already confirmed over the telephone, on two occasions, that his payments to Tap were safe. Further, over three weeks had passed since Payment 2 – assuaging any concerns about the payee and thus it becoming established.

### CEL's submissions

In CEL's response to the investigator's assessment, they argue that Lloyds Bank should have engaged in a 'greater intervention' by asking Mr F to come into branch due to the value of Payment 1. CEL contend this would have allowed Lloyds Bank to robustly question Mr F which would have uncovered the scam. I do not accept this argument.

I have weighed the aggravating factors surrounding Payment 1 against what Mr F told the adviser during the 6 November call. Having done so, I find that Payment 1 did not cross the threshold for Lloyds Bank to request Mr F go into branch. I do not find that Mr F demonstrated any noticeable signs of concerns about the Payment 1 during the call. Further, it does not appear that Mr F was coached by the scammers to mislead Lloyds Bank, so it is concerning that he appears to have done this of his own accord.

#### Recovery of funds

As Mr F's payments were made to purchase cryptocurrency – which would have been forwarded on in this form – there would not have been any funds to recover.

#### Compensation for distress and/or inconvenience

I have considered whether an award for distress and/or inconvenience is warranted in this matter. Having done so, I am not persuaded that it is. I have not found any errors in Lloyds Bank's investigation. Any distress and/or inconvenience Mr F has suffered is a result of the fraudsters' actions – not Lloyds Bank's.

#### Conclusion

Taking all the above points together, I do not find that Lloyds Bank has done anything wrong in the circumstances of this complaint. Therefore, I will not be directing Lloyds Bank to do anything further.

In my judgment, this is a fair and reasonable outcome in the circumstances of this complaint.

#### **My final decision**

For the reasons set out above, 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 F to accept or reject my decision before 9 May 2025.

Tony Massiah  
**Ombudsman**