

The complaint

Mr H complains that Lloyds Bank PLC (Lloyds) is refusing to refund him the amount he says was lost as the result of a scam.

Mr H is being represented by a third party. To keep things simple, I will refer to Mr H throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr H was in contact with a company I will call X. Mr H had previously met with X to discuss possible investments but at this stage had not yet moved forward with any deals.

X was already invested with a company I will call Y and provided information about Y to Mr H. Mr H attended several online seminars about Y and discussed the potential opportunity of investing in Y with X. Mr H carried out his own research on Y and X answered all of Mr H's questions confidently before Mr H decided to start investing with the help of X.

Mr H was given access to professional looking literature and data about Y and had no reason to have any concerns especially as X was also investing in the same thing.

The investment did not perform as Mr H expected and he has found it difficult to contact Y. Having carried out further research Mr H now feels he has fallen victim to a scam.

Mr H has disputed the following payments he made from his Lloyds account:

Payment	Date	Payee	Payment Method	Amount
1	26 September 2022	Skrill Ltd	Transfer	£10,050.00
2	28 September 2022	Skrill Ltd	Transfer	£10,010.00
3	25 October 2022	Skrill Ltd	Transfer	£25,000.00
4	26 October 2022	Skrill Ltd	Transfer	£4,900.00
5	26 October 2022	Skrill Ltd	Transfer	£5,000.00
6	26 October 2022	Skrill Ltd	Transfer	£9,947.24
7	14 December 2022	Skrill Ltd	Transfer	£3,000.00
8	15 December 2022	Skrill Ltd	Transfer	£4,000.00

Our Investigator considered Mr H's complaint and didn't think it should be upheld. Mr H disagreed, so this 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.

Has Mr H lost money as the result of a scam?

Not every complaint referred to us and categorised as an investment scam is in fact a scam. Some cases simply involve high-risk investments that resulted in disappointing returns or losses.

Certain high-risk investment traders may have promoted these products using sales methods that were arguably unethical and/or misleading. However, whilst customers who lost out may understandably regard such acts or omissions as fraudulent, they do not necessarily meet the high legal threshold or burden of proof for fraud, i.e. dishonestly making a false representation and/or failing to disclose information with the intention of making a gain for himself, or of causing loss to another or exposing another to the risk of loss (Fraud Act 2006).

In simpler terms, some merchants may have used sales and promotional methods that could be seen to be unfair by consumers considering the losses they've incurred – but this does not always amount to fraud.

The starting point here is the nature of the investment that Mr H was entering into. He has provided evidence to show that he was investing in firm Y – which was registered under a Securities Dealer Licence with the Republic of Seychelles. It was regulated by the Financial Services Authority in the Seychelles. It was a company incorporated in the Republic of Seychelles and had a company registration number.

The scheme was said to be 'trading foreign exchange and/or contract for differences on margin...carries a high level of risk and may not be suitable for all investors'.

There were later (in 2023 and 2024) some regulatory warnings about firm Y's associated companies in other jurisdictions.

With the above in mind, and while I appreciate there is negative information available about Y available, I don't have enough to say Y was operating a scam.

Could Lloyds have done anything to recover the payments Mr H made?

Mr H made the payments from his Lloyds account to a well-known cryptocurrency exchange. The purpose of Mr H's payments was to exchange his funds before moving them to Y. As the exchange provided this service to Mr H any attempt to recover the payments would have no prospects of success.

Should Lloyds have reasonably prevented the payments Mr H made?

It has been accepted that Mr H authorised the payments that were made from his account with Lloyds. So, the starting point here is that Mr H is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

I have already explained that I don't think Mr H has been victim to a scam, so Lloyds did not have any responsibility to protect him from one. However, even if I was to say Mr H had fallen victim to a scam (which I am not) I would have to see that Lloyds should have had concerns about the payments Mr H was making at the time that should have prompted it to intervene. And more importantly, if it had intervened would the payments have still been made.

It was not unusual for Mr H to send large payments from his Lloyds account, however considering the value of the payments Mr H was making and that they were being made to a cryptocurrency exchange it could be argued that Lloyds should have intervened. But I don't think this would have made a difference.

Had Lloyds intervened and Mr H was honest about the reason he was making the payments (which I have no reason to believe he wouldn't have been) it would have come to light that Mr H was making an investment with Y and that the investment had been introduced to him by X, a company that he had a previous relationship with.

I think at most it would have been reasonable for Lloyds to have advised Mr H to carry out research on Y before making the payments. But Mr H had already carried out research and had further confidence that Y was legitimate due to the introduction made to him by X.

In addition to this, like I have said above, I don't think Y was operating a scam. So even if Mr H had carried out additional research, I think it's most likely he would have continued to make the payments.

Overall, I don't have enough to say Y was operating a scam that Mr H has fallen victim to, but even if I was to say Mr H has fallen victim to a scam, I don't think Lloyds missed an opportunity to prevent the payments and it is not responsible for providing Mr H with a refund.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 4 April 2025.

Terry Woodham
Ombudsman