

## **The complaint**

Mr T complains that Lloyds Bank PLC ('Lloyds') didn't protect him when he says he was a victim of an investment scam.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In late October 2020 after he noticed an advertisement on social media and spoke to a representative from that company (who I'll call 'E') Mr T was persuaded to invest in commodities through E's trading platform. He was impressed with how well his first investment of £250 was doing, so he made further investments between 5 November 2020 and 12 November 2020, taking his total investment to £75,000. After he made the last payment Mr T had a call with E in which he says they were abusive. That led him to think that he'd been scammed.

Mr T complained to Lloyds saying that that they should have done more to intervene as the payments he was making were uncharacteristic. He explained that he'd been furloughed at the time of his investments, and his income had reduced and he said that made him vulnerable to fraud and that the bank hadn't taken account of that. He wanted them to refund the £75,000 he'd lost less £25,000 that he'd been able to recover through a settlement agreement with E.

Mr T referred his complaint to this service in August 2024 and while our investigator was considering the complaint Lloyds provided their final response on it. They felt that Mr T had been subject to a failed investment and not a scam and they explained to us that they had intervened and that while their agent had explained that the majority of online reviews about E were negative and had advised Mr T not to invest further at least until he'd seen whether his current investments came good, he continued to make further payments towards the supposed scam. They didn't think they could fairly be held responsible for any of the money Mr T had lost.

Our investigator agreed with Lloyds. He didn't think they needed to take any further action but as Mr T disagreed, his complaint has been referred to me, an ombudsman, to make a 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 was very sorry to hear that Mr T had lost money in the way that he did. I appreciate how distressing and frustrating it must have been for him. However, having considered the details of this complaint I agree with our investigator's opinion and for broadly the same reasons. I'll explain why.

The Financial Ombudsman is designed to be a quick and informal alternative to the courts. Given that, my role as an ombudsman is not to address every single point that has been made. Instead, it is to decide what is fair and reasonable given the circumstances of this complaint. And for that reason, I am only going to refer to what I think are the most salient points. But I have read all of the submissions from both sides in full, and I keep in mind all of the points that have been made when I set out my decision.

Where the evidence is incomplete, inconclusive, or contradictory (as it is here), I have to 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.

I'm required to take into account the relevant, laws and regulations; regulators rules, guidance, and standards; codes of practice and, when appropriate, what I consider to have been good industry practice at the relevant time.

Broadly speaking, Mr T is responsible for any payments made from his account which are properly authorised, as they were here. And Lloyds has a duty to process valid payment instructions quickly and with minimal friction. These positions are set out in the Payment Service Regulations (2017).

However, taking into account the relevant law, regulations, industry guidance, and best practice, firms like Lloyds ought fairly and reasonably to have systems in place to monitor transactions and accounts for signs that its customer might be at risk of financial harm through fraud. Where such risks are detected, there ought to be action from the bank to intervene through the giving of warnings and scam education. Any intervention should be proportionate to the risk presented by the circumstances of the payment.

The fact that the money used to fund the scam wasn't lost at the point it was transferred to Mr T's own account does not alter the fact that I think Lloyds could fairly be held responsible for Mr T's loss in such circumstances.

Where there is a failure by a firm to properly intervene and protect a customer, it might then be fair and reasonable to say that the firm becomes responsible for the customer's loss. And so, in Mr T's case, it's for me to determine if Lloyds made an error(s) over the course of the scam and, if so, whether it's fair and reasonable for it to be held responsible for Mr T's losses as a result.

Our Investigator wasn't persuaded Mr T had been scammed here. I've reviewed the information that Mr T has provided about E's aggressive tactics, and I've considered the mixed online reviews at the point the payments were made that may have suggested he was subject to a scam. But, on the other hand, I've noted that E agreed to settle Mr T's claim with them and returned £25,000 and that they were financially regulated at the time. I think those matters suggest the investment was more likely than not legitimate. Whether Mr T was the victim of a scam, or simply a failed investment, is a difficult point to resolve conclusively – particularly given the passing of time here. But for the purpose of this decision, I don't think I need to make a finding on that point. That's because I'm satisfied that Lloyds did intervene and spoke Mr T about one of his payments here and he still wanted to go ahead.

Lloyds contacted Mr T on 9 November 2020. They blocked the transaction he was trying to complete and asked questions about the payment. They pointed out that there were more negative reviews about the business online, and when asked whether he should make any further investments they told Mr T that he shouldn't, at least until he'd waited to see if his current investment had come good. They explained that the investment was high risk and Mr T agreed and explained that he was aware of the negative online reviews the agent had

referred to. The agent referred Mr T to the high-risk fraud team, and I've listened to that call. They also warned Mr T of the negative reviews online and they explained that they regularly saw cases where consumers were told they needed to invest more in order to get their money out. They explained that on the information they had seen they would have advised Mr T to stay away from the investment. But I wouldn't expect Lloyds to have gone further than the intervention it did. That's because I've noted that E were regulated by the Financial Conduct Authority (FCA) under passporting rights at the time Mr T was making the payments. So, I wouldn't expect a regulated firm, such as Lloyds, to provide a warning about scams to a consumer where the regulator has enabled another regulated firm (E) to provide investment opportunities. I accept the passporting rights were later removed by the FCA, but I need to consider the level of intervention required by Lloyds at the time of the payments.

So, despite that pertinent and direct advice from Lloyds on the call, Mr T proceeded to unblock and make the payment. And regardless of Lloyds' advice he made further payments to E over the next few days. Even if Lloyds had intervened earlier, perhaps before the second payment was made, I don't think Mr T would have been likely to heed any warning they gave. At that point he had less experience of the platform but his returns on the first investment had been so promising they had motivated him to make greater investments. I think if Lloyds had intervened earlier Mr T would have done what he did when he received their subsequent call, he'd have been likely to explain that he'd done his research and was satisfied about E's legitimacy, and that he had discovered they were regulated. Banks aren't able to give investment advice, and they didn't need to discuss the suitability of the investment or the risk in it, so I can't see that any further intervention by Lloyds would have led to Mr T halting his investment. .

Mr T has suggested being furloughed had led him to seek income related activity and that would have meant he was more vulnerable and that Lloyds should have been aware of that. He didn't tell Lloyds about that but, even if they were aware, for the reasons I've already given I don't think Mr T would have been likely to have aborted his investment or that Lloyds' enquiries would have been any different in those circumstances.

I don't think Lloyds were unreasonable not to attempt to recover any of Mr T's money through the chargeback scheme as I don't think a claim under that scheme would have been successful. Mr T had made payments towards a trading platform, and the service had been provided. There would, therefore, be no basis upon which to raise a successful claim.

This was a lot of money for anyone to lose so I do understand why Mr T wants to do all that he can to try and recover it. But I can only fairly ask Lloyds to refund him if it is responsible for his loss. I'm sorry to have to disappoint Mr T, but I can't hold Lloyds responsible when I don't think it reasonably ought to have prevented the payment from being made. In addition, I've not seen anything to show that Lloyds would have been able to recover the loss. I'm not telling Lloyds to do anything further.

### **My final decision**

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 15 November 2025.

Phillip McMahon  
**Ombudsman**