

### The complaint

Mr W complains that Lloyds Bank Plc hasn't refunded the money he lost when he fell victim to a scam.

### What happened

Mr W came across a cryptocurrency investment opportunity on social media. He submitted his details and was contacted by someone who claimed to work for the cryptocurrency platform. They set up an account for Mr W and he made an initial investment of £2,000 on 20 December 2019. Later that day he was encouraged to invest a further £2,000 to increase his potential returns. A month later Mr W invested a further £2,000, and he was told that a cryptocurrency wallet would be set up for his profit to be paid into.

Ultimately though Mr W did not receive any profit, and the person he had been speaking to stopped corresponding with him. Mr W realised he had been scammed. He reported the matter to police and to Lloyds.

Lloyds has declined to refund any of Mr W's loss. It says he did not do enough to check that he was dealing with a legitimate investment. It also said there was no reasonable prospect of it recovering any of Mr W's funds. Mr W didn't accept this, so he asked us to look into his complaint.

One of our Investigators looked into the complaint, but they did not consider that Lloyds could be held liable for Mr W's loss. They did not feel that the payments Mr W had made were unusual enough to have flagged to Lloyds that Mr W may be at risk of financial harm, so they didn't think Lloyds could have been reasonably expected to do anything to prevent Mr W's loss.

Mr W remained unhappy, so his case has now been referred to me to reach 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.

Having done so, I've reached the same overall outcome as the investigator, I'll explain why.

I'm satisfied that Mr W authorised the payments that are the subject of this complaint. So as per the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Mr W is responsible for them. That remains the case even though Mr W was the unfortunate victim of a scam.

Because of this, Mr W is not automatically entitled to a refund. Nonetheless, the regulatory landscape, along with good industry practice, sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm,

intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams.

Taking the above into consideration, I need to decide whether Lloyds acted fairly and reasonably in its dealings with Mr W, or whether it should have done more than it did.

In this case, I agree with our Investigator that the payments Mr W made to the scam from his Lloyds account were not unusual or out of character enough to have merited any intervention from Lloyds. I appreciate that these payments were relatively high in the context of Mr W's usual account usage, but they did not clear Mr W's full account balance, and I don't think they were so high (bearing in mind the payments that Lloyds would be seeing every day) that they would have flagged as particularly high risk to Lloyds. The first two payments were made on the same day, and if the third payment had then been made soon after it is arguable that the pattern would have been concerning enough to merit some intervention, but the third payment was not made until several weeks later. With all this in mind, I think it is reasonable that Lloyds allowed these payments to be made without any intervention. I don't think the payments were unusual or suspicious enough to have flagged to Lloyds that Mr W could be at risk of financial harm.

So, given that Mr W did not discuss any of these payments with Lloyds, I don't consider that Lloyds missed an opportunity to protect Mr W from this scam or to prevent his loss.

I've also thought about whether Lloyds did all it could to try to recover Mr W's funds when he told it of the scam. And I do note that Mr W has said he initially raised the scam with Lloyds in 2020, although I have not seen evidence to support this. But regardless of when the claim was raised, there would have been no reasonable prospect of success for chargebacks, given that the payments were to a legitimate cryptocurrency merchant which would have provided the services paid for – the provision of cryptocurrency that was then moved on to the scammer.

I'm sorry to disappoint Mr D as I know that he has lost a significant amount of money. And I want to be clear that I am in no way saying that what has happened is his fault. But, overall, I'm satisfied that Lloyds could not reasonably have prevented his loss. It follows that I don't think Lloyds can be held responsible for his loss and so I won't be asking it to refund any of his loss.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 31 July 2025.

Sophie Mitchell  
**Ombudsman**