

The complaint

Mr W is unhappy that Lloyds Bank PLC (“Lloyds”) won’t refund money he lost because of a scam.

What happened

A long-term friend of Mr W recommended that he use a trading company (that I’ll call B). His friend appeared to be doing very well from the investment and claimed he had made lots of profit.

Mr W agreed to invest and sent funds to a crypto exchange, the money was then converted into crypto and sent to B. Mr W made two payments as part of this scam these were £500 on 16 January 2023 and £9,500 on 19 January 2023. These payments were international transfers.

Mr W realised he had been scammed when he was unable to withdraw the profits that he had thought he had earned. He therefore complained to Lloyds and asked that it refund the transactions in question.

Lloyds didn’t think it had made an error, so declined his claim.

Mr W referred the matter to our service and one of our Investigators thought that Lloyds should have questioned the payment. That said though, she did not think an intervention would have changed Mr W’s decision to carry on with the transactions - given the circumstances that led to Mr W investing in the first place.

Mr W didn’t agree. As no agreement could be reached, the case was passed to me for a final decision.

I note that Mr W’s account has since been closed by Lloyds. Mr W does not seem to have complained about this, but if he is unhappy that this occurred, he would need to direct his concerns to Lloyds in the first instance.

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 agree with the conclusions reached by the investigator for the following reasons.

It isn’t in dispute that Mr W authorised the disputed payments he made from his Lloyds account. The payments were requested by him using his legitimate security credentials provided by Lloyds. And the starting position is that Lloyds ought to follow the instructions given by their customers, in order for legitimate payments to be made as instructed.

However, I've considered whether Lloyds should have done more to prevent Mr W from falling victim to the scam, as there are some situations in which it should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character.

I think that Lloyds should've asked Mr W questions about the second payment, to find out what the payment related to. Lloyds did not do this. But that does not mean that Lloyds is required to refund the payments in question. I say this because I need to consider what is most likely to have happened if Lloyds had asked questions about the payment.

Had Lloyds asked questions about the payment they would have discovered that B was making the payments to purchase cryptocurrency in order to make an investment on the recommendation of a friend. I think it's likely that Mr W would've assured Lloyds that the same person who'd recommend he do this had made a profit.

So, in the circumstances, had Lloyds asked questions about the payment, I think it's likely that Mr W would've been able to explain what the payment was for and assured Lloyds that people he trusted had done the same.

I am also mindful that the scam did not share the features of common crypto scams at the time. It was not discovered on social media, it was not fronted by a celebrity and remote access was not given by Mr W to the scammer. He had also had video calls with the scammer and their documentation looked professional. And finally, there were no official warnings available online about B at the time either apart from a warning relating to B operating without being registered in America. So overall, even if things had gone as they should've with Lloyds, I think Mr W would've likely still incurred the loss that he unfortunately experienced. As I don't think a proportionate intervention from Lloyds would have uncovered or prevented the scam.

I have thought about whether Lloyds could have recovered the funds when the fraud was reported. But I don't think it could've. This is because firstly, the Contingent Reimbursement Model "CRM" does not apply as the payments were international and to an account in Mr W's own name. I also don't think that Lloyds could have recovered the funds from the crypto exchange itself, as the funds had already been forwarded on to B by Mr W. So, I don't think that the funds could have been recovered by Lloyds.

It therefore follows that I can't reasonably tell Lloyds to refund any money to Mr W.

My final decision

Because of the reasons given above, 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 16 October 2025.

Charlie Newton
Ombudsman