

The complaint

Mr A complains that Lloyds Bank PLC won't refund him the money he lost after he fell victim to an Authorised Push Payment ("APP") scam.

Mr A brings his complaint with the assistance of professional representation, but for readability, in what follows I will refer predominately to Mr A.

What happened

The background to this complaint is well known to both parties, so I won't repeat it all in detail here. But in summary, I understand it to be as follows.

Mr A has told us that in or around October 2023 he was contacted by someone through a well-known messaging app. He's said he started to build a romantic relationship with them and they soon mentioned they were a successful investor. But unknown to Mr A at the time he was speaking with a fraudster.

The fraudster offered to teach Mr A to invest, and although he wasn't looking to invest at the time, he was interested in the fraudster's ability to teach him. Believing everything to be genuine, Mr A followed the fraudster's instructions in setting up cryptocurrency accounts. And over the course of several weeks made twelve successful transactions from his Lloyds account, totalling over £100,000. Mr A has told us that he was able to withdraw money back to his cryptocurrency accounts on a number of occasions, but he subsequently reinvested this money.

When Mr A was attempting to make the sixth of these payments, for £16,250, Lloyds intervened and blocked the payment, asking Mr A to visit one of its branches. While in the branch, Mr A was referred to Lloyds' fraud team, who asked him about the purpose of the payment. Mr A told Lloyds that he hadn't been contacted by anybody and that he had a big interest in cryptocurrency and had been investing for nearly four years. Lloyds gave Mr A warnings about cryptocurrency scams and how victims were targeted and offered high returns. Mr A maintained that it was just him and that he hadn't been told to invest by anybody saying they were a trader/broker. Satisfied with the responses it received Lloyds allowed the payment to progress.

Mr A realised he'd been scammed when he was unable to make a large withdrawal. As he became suspicious, he carried out some research and it became apparent to him that the trading platform he was using was in fact a fraudulent website.

Mr A raised the matter with Lloyds, but it didn't uphold his complaint. In summary, this was because it believed it had provided relevant warnings to Mr A.

Unhappy with Lloyds' response, Mr A brought his complaint to this service. One of our Investigators looked into things, but didn't think the complaint should be upheld. In summary, while he recognised Lloyds should have identified the payments as unusual sooner than it did, he didn't think if Lloyds had discussed them sooner with Mr A it would have made a difference.

Mr A didn't agree with our Investigator's view. In summary, he said he had no reason to doubt the legitimacy of the investment. He added that he thought he was in a committed and loyal relationship, and was vulnerable due to dealing with the grief of losing his father. He said that the large transactions he was making were enough to warrant an effective warning being issued by Lloyds.

As an agreement couldn't be reached, the case has been passed to me for 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.

I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I'm sorry to hear of what's happened to Mr A, and I can understand entirely why he feels so strongly that this money should be returned to him. But having thought very carefully about Lloyds' actions, I think it did act fairly and reasonably in allowing the payments to leave his account.

In broad terms, the starting position at law is that firms are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

However, where the consumer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the consumer even though they authorised the payment.

In its submissions to this service, Mr A's representatives have referred a number of times to The Contingent Reimbursement Model (CRM) Code. The CRM Code can provide additional protection for the victims of APP scams such as this was. However, as Mr A's professional representatives ought to know—and as they have been reminded by our Investigator on a number of occasions during the course of this complaint—in the circumstances of this case the payments were made to cryptocurrency accounts in Mr A's own name: and such payments are not within the scope of the CRM Code. Meaning the principles of the CRM code can't be applied to this complaint.

However, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that Lloyds should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years,

which firms are generally more familiar with than the average customer;

- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment.

It isn't in dispute that Mr A has fallen victim to a callous scam here - but I've thought about whether Lloyds ought to have done more, prior to processing the payments Mr A made.

Having looked at the typical activity on Mr A's account, in the months leading up to the scam, I think the payments Mr A made, which were identifiably to cryptocurrency platforms and for larger amounts than were typically made, ought to have appeared unusual to Lloyds. Lloyds did intervene, it contacted Mr A before the sixth payment he made and asked him to attend one of its branches, from where he spoke to Lloyds' fraud team. However, I do agree with our Investigator that, considering the untypical activity on Mr A's account I think Lloyds reasonably ought to have identified the risk sooner than it did, and it follows that its intervention also should have come sooner than the sixth payment.

But even if I consider Lloyds' intervention should have come sooner than it did, it wouldn't necessarily mean that Lloyds would be responsible for refunding Mr A the money he sadly lost. I'd also need to be persuaded that the intervention would have made a difference. And for reasons I'll explain, on balance, I don't think it would have.

Mr A told Lloyds that he was making payments for investment purposes. He told it that he had a big interest in cryptocurrency and had been investing in it for a number of years. Alongside this Mr A also told Lloyds that he had not been contacted by anybody and the payments he was making were on his own instruction.

From the messages I've seen that Mr A had exchanged with the fraudster, it's not entirely clear why, when asked, Mr A didn't tell Lloyds that he had been contacted by somebody who had told him they were an experienced investor and trader. I say that as there is no evidence of Mr A being told to mislead the bank. But with the answer's Mr A did provide I think it was reasonable for Lloyds to believe that the decision for Mr A to invest was entirely his own decision and that he had experience with this.

I'm not persuaded, with the answers Mr A gave it, that I can fairly or reasonably say that it's likely it would have been apparent to Lloyds that Mr A may have been falling victim to a scam, whereby somebody had befriended him before persuading him to invest. I'm also mindful in the circumstances of this case that the inaccurate answers Mr A gave, which I would add I don't think were given with any malicious intent on Mr A's part, would no doubt have, albeit unintentionally, hindered Lloyds' opportunity and ability to uncover what was actually happening.

I'm also mindful that Mr A, by his own admission, has said that he reasonably believed he was making a genuine investment and had no reason to doubt its legitimacy. And that he thought he was in a committed and loyal relationship with somebody he trusted. It sadly seems to me that the scammer had effectively manipulated Mr A to believe that he was in a genuine relationship, which led him to be determined to make the payments.

On balance and with all things considered, for the reasons explained, I don't think Lloyds could have reasonably been expected to prevent this scam from happening.

Mr A has also explained that he was grieving the loss of his father, which made him more susceptible to this type of scam. I'm so sorry to hear about the sad passing of Mr A's father and I don't doubt this must have been a very difficult time for him. But the evidence I've seen

doesn't suggest that Lloyds had been notified of any vulnerabilities or needs, such that it should have known to take additional steps to protect Mr A.

Finally, I've considered whether Lloyds did all it could to try and recover the money Mr A lost once he had reported the scam to it. Given Mr A had exchanged the funds into cryptocurrency, and then moved this on to accounts controlled by the fraudsters, I don't think Lloyds would have been able to recover any funds. It follows that I don't think it missed an opportunity to recover the money Mr A sadly lost.

It's very unfortunate Mr A has lost this money in this way, and I understand the whole experience has been deeply upsetting and I have a great deal of sympathy for him. But in the circumstances, I don't think I can fairly or reasonably say Lloyds should have done more to prevent Mr A from losing this money.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 13 May 2025.

Stephen Wise
Ombudsman