

The complaint

Mr T complains that Lloyds Bank PLC (“Lloyds”) hasn’t protected him from losing money to a scam.

What happened

The background to this complaint is well known to both parties, so I won’t repeat everything here. In brief summary, Mr T has explained that between September 2022 and August 2023 he made numerous payments from his Lloyds account as a result of what he thought was a legitimate investment opportunity. Ultimately, Lloyds didn’t reimburse Mr T’s lost funds, and Mr T referred his complaint about Lloyds to us. As our Investigator couldn’t resolve the matter informally, the case has been passed to me for 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.

Having done so, I’ve reached materially the same conclusions as our Investigator, and for materially the same reasons. That is, I’ve decided to not uphold Mr T’s complaint. I’ll explain why. In doing so, I’ve focused on what I think is the heart of the matter. 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.

First, let me say, I don’t doubt Mr T has been the victim of a cruel scam here. He has my heartfelt sympathy. Ultimately, however, Mr T has suffered his loss because of fraudsters, and this doesn’t automatically entitle him to a refund from Lloyds. It would only be fair for me to tell Lloyds to reimburse Mr T his loss (or part of it) if I thought Lloyds reasonably ought to have prevented the payments (or some of them) in the first place, or Lloyds unreasonably hindered recovery of the funds after the payments had been made; and if I was satisfied, overall, this was a fair and reasonable outcome.

I’m satisfied Mr T authorised the relevant payments. Lloyds would generally be expected to process payments a customer authorises it to make. And under The Payment Services Regulations and the terms and conditions of the account, Mr T is presumed liable for the loss in the first instance, in circumstances where he authorised the payments. That said, as a matter of good industry practice Lloyds should have taken proactive steps to identify and help prevent transactions – particularly sufficiently unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there are many payments made by customers each day and it’s not realistic or reasonable to expect Lloyds to stop and check every payment instruction. There’s a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments (allowing customers ready access to their funds).

In this case, however, I've seen evidence that Lloyds intervened in various payments Mr T instructed as a result of the scam. And despite its efforts, as our Investigator explained, Mr T wasn't upfront in these interactions with Lloyds. I've thought about what might have happened if Lloyds had gone even further in its endeavours here in warning Mr T that he was being scammed. But I'm afraid, for the same reasons as explained by our Investigator – and because I'm satisfied from the communications I've seen including those between Mr T and the fraudsters that Mr T was significantly under the spell of the scam and scammers – that I don't think it's likely Lloyds would reasonably have been able to prevent Mr T from losing this money in this particular instance. I'm persuaded from the way Mr T interacted with Lloyds, and from the communications between Mr T and the fraudsters, that Mr T would likely have found another way to make these payments, even if Lloyds had done everything it reasonably could to stop them. It looks like he trusted the scammers more than anyone else on this particular matter and I'm not persuaded that at the time in question he would have materially taken on board anything further Lloyds might have said or done.

I also wouldn't reasonably expect Lloyds to have been able to recover Mr T's payments in a situation like this whereby Lloyds wasn't put on notice by Mr T that he'd been scammed until after the funds had already been converted into cryptocurrency and sent onto the fraudsters or within a timeframe or circumstances whereby it would be reasonably expected to be able to recover any of the funds.

I'm sorry Mr T was scammed and lost this money. Despite my natural sympathy however, I can't fairly tell Lloyds to reimburse him in circumstances where I'm not persuaded it reasonably ought to have been able to prevent Mr T's loss.

My final decision

For the reasons explained, 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 11 July 2025.

Neil Bridge
Ombudsman