

The complaint

Mr M has complained that his bank, Lloyds Bank PLC (Lloyds), refused to refund money he lost when he fell victim to a scam.

Mr M's complaint was brought to us through a representative but for ease I will refer to their comments as Mr M's.

What happened

In 2024 Mr M met someone through a social networking site and they started exchanging messages. A few days after meeting, Mr M says she sent him a copy of a certificate from a well-known cryptocurrency exchange (B) which showed that she had made an investment worth millions of dollars which she would cash five years later for even more money. She encouraged Mr M to start investing in cryptocurrency saying he would make significant profits. Unfortunately, this person turned out to be a scammer.

The scammer helped Mr M set up accounts in his name with other well-known cryptocurrency exchanges. She also told Mr M he had to create an account with another platform which he would have his trading account with. She said he would be assigned a broker who would advise him on what to invest in. Unfortunately, this turned out to be a fake platform which was used by the scammers to show Mr M that his investments were generating a profit when that wasn't the case. In reality, the funds Mr M was sending from his cryptocurrency wallets were being transferred out to the scammers. Mr M also said the scammers had access to his cryptocurrency exchange wallets and were able to withdraw funds themselves.

Mr M then proceeded to make the following debit card payments to the cryptocurrency wallets he had with two well-known exchanges:

Number	Date	Cryptocurrency exchange	Amount
1	31/01/2024	C	£100
2	03/02/2024	C	£100
3	04/02/2024	C	£100
4	11/02/2024	C	£102.99
5	11/02/2024	C	£72.09
6	16/02/2024	C	£2,574.75
7	17/02/2024	C	£1,544.85
8	18/02/2024	C	£2,059.80
9	22/02/2024	C1	£13.13
10	06/03/2024	C	£411.96

11	06/03/2024	C	£308.97
Total			£7,388.54

Lloyds said there was also a payment for £87.54 on 12 February 2024 which Mr M hasn't included in his claim. And further payments from 6 March 2024 onwards.

Mr M said he started having issues with the investment when he asked to withdraw his funds. The scammers told him he had to pay additional fees. He then contacted C1 who told him he had been scammed.

In April 2024, Mr M complained to Lloyds, through his representatives, and said it hadn't done enough to protect him from this scam. He said Lloyds should have identified what was unusual activity for the account which included high value credits being deposited and then transferred out within days to various payees associated with cryptocurrency. Mr M said that Lloyds should have intervened before payment six and blocked subsequent payments. He added that he was coached by the scammers to lie to Lloyds and that Lloyds should have recognised this as it is a common tactic used by scammers. He said he wanted Lloyds to refund all the funds he lost plus interest and £300 compensation for the distress and inconvenience he suffered.

Lloyds reviewed the complaint, but it didn't uphold it. It said it had spoken to Mr M in February 2024 when only £300 had been sent out and confirmed this was a scam, as Mr M had suspected himself. Lloyds advised Mr M not to make any further investments, nevertheless, he proceeded to make further transactions.

Unhappy with Lloyds response, Mr M brought his complaint to our service. One of our investigators reviewed the complaint but didn't think it should be upheld. Though our investigator thought Lloyds should have contacted Mr M before payment three; as it was already aware Mr M was the victim of a scam; our investigator didn't think that an intervention would have prevented Mr M's loss and that he would have, on balance, carried on with the rest of the payments. Our investigator said this is because Mr M had already been warned by C1 and Lloyds that this was a scam but still carried on and made further payments. And even if Lloyds had stopped the payments, Mr M would have likely tried to make the payments by other means such as using another account.

Mr M didn't agree and asked for an ombudsman's decision. He said Lloyds should have invoked the Banking Protocol and questioned Mr M in person and if necessary contacted the police.

Our investigator didn't change his view and the matter was passed to me to decide.

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'd like to say straight away that I was very sorry to hear that Mr M fell victim to such a cruel scam. I have a great deal of sympathy for him and realise that being the victim of a scam will

have had a significant impact on him, not just financially, but because of the way the scammer took advantage of him and gained his trust.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, guidance and standards, codes of practice, regulators' rules and where appropriate, I must also take into account what I consider to have been good industry practice at the time.

The starting position in law is that a bank such as Lloyds is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations 2017 and the terms and conditions of the customer's account. Mr M accepts that he authorised all the payments in question and so he is presumed liable for them in the first instance – even though he may at some point have believed he was making a genuine investment. However, that isn't the end of the story.

It isn't in dispute that Mr M was the victim of a scam and where the customer made the payments as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payments.

In summary, I consider it fair and reasonable that in February and March 2024 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;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- 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;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including, for example, the use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

Should Lloyds have fairly and reasonably made further enquiries before it processed Mr M's payments?

Whilst banks have obligations to be alert to fraud and scams and to act in their customers' best interests, they can't reasonably be involved in every transaction. The initial transactions were small and whilst they were identifiable as going to a cryptocurrency provider, there is a balance to be struck between banks identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments.

That said, Lloyds did provide Mr M with warnings on 7 February 2024 when Mr M called the bank to say he was concerned. I have listened to that call. Lloyds had a lengthy conversation with him and told him that this was 100% a "romance scam" and that it wanted to make sure he understood this and wouldn't be investing any more money. Lloyds also warned Mr M that if he invests in cryptocurrency he should be prepared to lose all his money. Mr M said he knew that if he invested any more money he wouldn't get it back. He explained that at the time he was being told by the scammer that he had to invest a further £9,000 to unlock further gains and only had a limited amount of time to do so and if he didn't they (Mr M and the scammer who was purportedly also investing using the same account) would lose all their money including all the gains they had made.

Nevertheless, Mr M proceeded to make further payments on 11 February 2024 and more payments thereafter. Mr M said he continued to make payments because he thought if he had invested £64,000 into C1 he would gain access to a passkey which would allow him to withdraw £5,000,000.00. He said he believed he had sole control of his account on the exchanges and the fake platform but that wasn't the case.

Lloyds said it didn't provide any written warnings further to the above conversation. I appreciate that Lloyds may have felt it didn't need to make further interventions because it had already warned Mr M and he said he understood he was being scammed, but I don't agree. The activity that ensued was concerning. I think Lloyds could have done more – especially as it was aware from payment three that Mr M was being scammed. I think bearing in mind it had already spoken to Mr M and he agreed he wouldn't invest more, it could have made a call to him to see why he carried on investing, despite its warning.

However, despite the fact that I think Lloyds should have intervened again given the concerning activity that ensued and failed to do so, I don't think it is responsible for Mr M's loss. This is because, on balance, I don't think Mr M would have heeded any further warnings and I think he would have, at that stage, more likely continued to invest. From his conversation with Lloyds I can see that he was aware this was a scam, but carried on investing.

I appreciate the scammer was putting Mr M under pressure to invest more saying she was sick and it was his duty to protect her and her child. But as Mr M already knew this was a scam and bearing in mind that Lloyds gave him a warning specifically about romance and cryptocurrency scams, I think this reasonably ought to have resonated with the situation he found himself in. But he disregarded that warning from his bank in favour of what he was being told by a third party that he'd never met in person and so I think it is more likely than not that he would have continued to do so with any further intervention. Furthermore, if he was making the payments because of the pressure the scammer was putting him under, I still think he would have carried on regardless of Lloyds' actions.

I note Mr M says Lloyds could have invoked the Banking Protocol. But the Banking Protocol is for branch-based transactions and these were carried out via online banking. Even if Lloyds had asked Mr M to go into branch and questioned him further and staff called the police if they were concerned, I don't think, in the specific circumstances, that this would have prevented Mr M's loss. I think the verbal warning Lloyds gave him during their call should have been sufficient to make him stop sending the payments. I've also borne in mind that Mr M had an earlier warning from C1 about this being a scam but carried on regardless.

Potential for recovery

I've gone on to consider whether Lloyds should have done more to recover Mr M's funds, but I don't think that would have been possible. I say this because Mr M had already transferred money out of his cryptocurrency wallets into an external wallet. And I also don't think a chargeback would have been successful bearing in mind that the cryptocurrency exchanges had provided a genuine service in providing cryptocurrency in return for Mr M's money.

For completeness I will also say that I don't think this is a complaint covered under the Contingent Reimbursement Model Code as Mr M has alleged. This is because the code only covers payments between GBP-denominated UK-domiciled accounts. I understand Mr M will be disappointed with my decision as I know that he wanted to make a full recovery of his loss. But, in the circumstances I don't think there is anything more Lloyds needs to do.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 17 November 2025.

Anastasia Serdari
Ombudsman