

The complaint

Mr V complains that Lloyds Bank PLC (Lloyds) is refusing to refund him the amount he lost as the result of a scam.

Mr V is being represented by a third party. To keep things simple, I will refer to Mr V throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr V matched with someone on a well-known dating application. I will call this person "X". The conversation between Mr V and X moved from the dating application to a well-known messaging application where a bond appeared to grow between the two, sharing personal information and details about their personal lives.

The conversation turned to cryptocurrency and X explained to Mr V that she had made some money using a platform I will call "Y". She also said that her aunt was a professional trader and that every so often she would receive investment pointers from her.

Mr V was interested in investing and did some online research about Y which appeared to show it was a legitimate platform. X then helped Mr V setup an account with Y where he was required to send proof of his identification as part of the process.

Mr V was told by X to keep the platform a secret and not to tell anyone else about it. Mr V started investing with a small amount but was then persuaded by X that investing larger amounts would result in larger profits. As Mr V could see his initial investment was doing well, he agreed to make the larger payments.

Having made multiple payments Mr V viewed a video on social media that made him think he may have fallen victim to a scam. Mr V attempted to withdraw his funds from the investment but was unable to and he realised he had been scammed.

Mr V made the following payments in relation to the scam:

<u>Payment</u>	<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
1	23 August 2023	Kraken Exchange	Debit Card	£100.00
2	24 August 2023	Payward Ltd	Transfer	£6,000.00
	29 August 2023	Payward Ltd	Debit Card	£336.02cr
	31 August 2023	Payward Ltd	Transfer	£25,000.00
	31 August 2023	Payward Ltd	Debit Card	£25,000.00cr
	3 September 2023	Payward Ltd	Debit Card	£91.31cr
3	3 September 2023	Money/mercuryo.io	Debit Card	£150.00
4	5 September 2023	Mr V	Transfer	£8,000
5	6 September 2023	Mr V	Transfer	£25,000
6	7 September 2023	Mr V	Transfer	£25,000

Lloyds agreed to refund 50% of payment 4-6.

Our Investigator considered Mr V's complaint and thought the offer Lloyds made was fair, so she didn't ask it to do anything more. Mr V disagreed, so this complaint has been 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.

It has not been disputed that Mr V has fallen victim to a cruel scam. The evidence provided by both Mr V and Lloyds sets out what happened. What is in dispute is whether Lloyds should refund the remaining money Mr V lost due to the scam.

Recovering the payments Mr V made

Mr V made payments into the scam via his debit card and transfer. When payments are made by card the only recovery option Lloyds has is to request a chargeback and when payments are made by transfer its recovery options are even more limited.

The payments Mr V has disputed didn't go to the scammer directly. Either Mr V made payments to a legitimate cryptocurrency exchange in exchange for cryptocurrency, or he made payments to other accounts in his own name, and it took further steps for the funds to be moved to the scammer.

As it took further steps for the funds to be moved to the scammer any recovery attempts Lloyds made would have been unlikely to succeed.

Should Lloyds have reasonably prevented the payments Mr V made?

It has been accepted that Mr V authorised the payments that were made from his account with Lloyds, albeit on X's instruction. So, the starting point here is that Mr V is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Lloyds should have been aware of the scam and stepped into question Mr V about the payments he was making. And if it had questioned Mr V, would it have been able to prevent the scam taking place.

I think Lloyds should have intervened when Mr V attempted payment 2. The payment was for a relatively high value and was clearly being made to a cryptocurrency exchange. These payments come with an increased risk. Mr V also went on to make larger payments in relation to the scam and although these payments appeared to go to an account in Mr V's own name, I think the value should also have caused Lloyds to have concerns.

But Lloyds did intervene on several occasions and based on those interventions, I don't think any further intervention would have made a difference. I will explain why.

Mr V spoke to Lloyds multiple times when attempting to make payments and requesting his account to be unfrozen.

On 23 August 2023 a call took place between Mr V and Lloyds. Mr V explained that a payment to Kraken had been declined, and he was limited to how much he could take out from an ATM, Mr V also confirmed he was overseas.

Lloyds asked Mr V some basic questions about the payment and Mr V confirmed he was making the payment himself, and no one had asked him to make the payment, he had also not been convinced by anyone to make payments via a different platform. Mr V said he wanted to send money to Kraken and use his debit card.

On 24 August 2023 Mr V spoke to Lloyds again about the larger payment of £6,000. Lloyds questioned Mr V again and he confirmed that the reason he was making the payment was that he had been studying cryptocurrency for a while and thought he should try it, he had not been asked by anyone to make the payment, and he had carried out his own research. Lloyds warned Mr V about different types of scams that didn't match the one he was experiencing, but I don't think this was unreasonable considering the information Mr V provided.

On 31 August 2023 another call took place around a payment Mr V was attempting (this payment was returned the same day).

Mr V mentioned Y, but as Y was a legitimate business I wouldn't have expected this to raise concerns. Mr V also confirmed he had found out about cryptocurrency by doing his own research and he was not expecting quick or unrealistic returns. Mr V was warned that scammers could ask him to lie to the bank.

On 2 and 3 September 2023 further calls took place as Mr V's account had been blocked. Mr V was asked to attend a branch to verify his identification, but he explained again he was in a foreign country and unable to make a branch visit. Mr V also explained he needed access to his funds to pay bills and buy food. Mr V was clearly upset during these calls that Lloyds had interfered in his decision to make the payments and the importance of having access to his account.

Mr V explained he had been paying a legitimate business that had also refunded him on more than one occasion and for a significant amount. He had been prompted to invest as he wasn't earning interest on the funds in his account, and no one had introduced him to Kraken or helped him open the account. Mr V went on to say that he had made the investment having carried out his own research and thought he was doing okay with his investment decision.

Considering Mr V was in another country and unable to attend a branch I don't think it was unreasonable that his account was unfrozen given the inaccurate information he had provided to Lloyds. The information Mr V provided made it clear no one else was involved in his decision to make the payments.

I appreciate that Mr V thinks Lloyds should have done more to protect him. And I do think Lloyds could have intervened further, but it's clear from the messages exchanged between Mr V and X that he was told to lie about the involvement of a third-party if questioned by Lloyds, and that he was willing to do so. I don't have enough to say that Mr V wouldn't have continued to give dishonest answers had Lloyds intervened any further than it did.

Giving incorrect information when making payments would have made it extremely difficult for Lloyds to uncover the scam that was taking place. So, I don't think Lloyds missed an opportunity to prevent the scam and it is not responsible for Mr V's loss.

Lloyds has already offered Mr V more than I would have suggested had this complaint come

to our service without an offer being made. So, with this in mind I won't be asking Lloyds to take any further action.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 28 August 2025.

Terry Woodham
Ombudsman