

## Complaint

Mr H is unhappy that Lloyds Bank PLC didn't reimburse him after he told it he'd fallen victim to a scam.

## Background

The background to this complaint is well known to the parties, so I don't intend to repeat it in full here. By way of summary, Mr H fell victim to an investment scam in late 2023. An investment opportunity focused on cryptocurrency had been promoted to him on social media. Mr H didn't realise it at the time, but this wasn't a legitimate investment opportunity but a fraud.

Mr H says he carried out some online research to establish whether he was dealing with a genuine company and found nothing of concern. I understand the company had him undertake a fake customer verification process and that also persuaded Mr H that the company was likely genuine. He also says that the company's website generally appeared professional and credible.

He made the following payments to a third-party cryptocurrency exchange:

1	4 Dec 2023	£411.96
2	7 Dec 2023	£1,029.90
3	11 Dec 2023	£1,986.62
4	1 Jan 2024	£831.93

When he realised he'd fallen victim to a scam, he notified the bank, but it didn't agree to refund him. Mr H wasn't happy with that and so he referred his complaint to this service. It was looked at by an Investigator who didn't uphold it. Mr H didn't agree with the Investigator's opinion and so the complaint has been passed to me to consider.

## Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account. However, that isn't the end of the story. Good industry practice required that Lloyds be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to warn its customer about the risks of proceeding. The nature and extent of any intervention ought to be proportionate to the risk the payment presents. There are several potential responses available to it on spotting such a risk. These range from

displaying a simple warning during the payment process to blocking a transaction and contacting the customer to discuss the circumstances in more detail.

We now know with the benefit of hindsight that Mr H had been targeted by a fraudster. The question I have to consider is whether that risk ought to have been apparent to Lloyds given the information that was available to it at the time and, if so, what a proportionate response to that risk would have been. I've considered that point carefully and I'm not persuaded that the risk here was such that it required Lloyds to intervene. The payment values in question are fairly modest and aren't out of keeping with the typical values of payment activity on Mr H's account. It's also significant that the payments are spaced apart by several days and, after each payment, there was still a healthy balance on the account. I think those factors would've reasonably allowed Lloyds to conclude that the fraud risk here wasn't significant.

I've taken into account that the destination of these payments wasn't another bank account, but an account at a cryptocurrency exchange. It's likely that Lloyds would've been aware that the payee was connected to cryptocurrency and, as Mr H's representatives have pointed out, it would've been aware of the fraud risk associated with cryptocurrency payments. I would expect Lloyds to attribute a higher risk to payments made to a cryptocurrency platform, but it must also bear in mind that the payee is one risk factor among many and that not all payments to cryptocurrency platforms are fraudulent. Overall, I'm not persuaded that the fact that the payments were to a cryptocurrency exchange meant Lloyds needed to do more here.

For completeness, I also considered whether Lloyds did everything I'd have expected in terms of recovering Mr H's funds. But as these were payments made to an account in his own name, there was nothing further it could've done.

I don't say any of this to downplay or diminish the fact that Mr H has fallen victim to a cruel and cynical scam. I have a great deal of sympathy for him and the position he's found himself in. However, my role is limited to looking at the actions and inactions of the firm and I'm satisfied it didn't do anything wrong in processing these payments.

### **Final decision**

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 20 March 2025.

James Kimmitt  
**Ombudsman**