

The complaint and background

Mr G complains that Lloyds Bank PLC won't reimburse money he lost when he fell victim to an investment scam.

In 2024 Mr G came across an investment firm – which I will refer to as 'T' - on the internet and enquired about their services. He was then contacted by T who discussed investment opportunities that would provide a "good profit." Under the belief T was a legitimate firm, Mr G set up a trading account with them.

Mr G sent £46,740 between 3 July 2024 and 5 August 2024 from his Lloyds account to an account he had at another banking provider, which I will refer to as 'M', and then onto T. He sent a further £15,200 from his Lloyds account to an account he held at an Electronic Money Institute (EMI), which I will refer to as 'R', and then again onto T. Mr G has also raised complaints against M and R which I will address separately.

Mr G said he realised he had been a victim of a scam when T kept asking him to pay various fees whenever he requested to make a withdrawal. He subsequently reported the scam to Action Fraud as well as his banking providers.

Our Investigator didn't uphold Mr G's complaint, as although he found Lloyds ought to have done more and asked further questions on some of the payments, he wasn't persuaded that would have prevented Mr G's loss. This was because of the intervention calls he had been provided by Lloyds, R and M which showed at various stages throughout the scam Mr G sought guidance from T and was being heavily influenced to make sure the payments went through smoothly. And so, given the level of coaching, our Investigator wasn't persuaded a better intervention or warning from Lloyds would have prevented the loss.

Mr G didn't agree and asked for the matter to be referred to a decision. Therefore, the matter 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.

I'm sorry that Mr G has been the victim of a scam. But while I appreciate this has had a significant impact on him, I think Lloyds has acted fairly by refunding the amount they have.

My first consideration is in relation to the CRM code which can offer a potential means of obtaining a refund following scams like this one. And, while Lloyds has signed up to the CRM code, the payments unfortunately aren't under it. This is because the CRM code doesn't cover payments made to an account held in a person's own name – which is what happened here. So, I can't fairly direct Lloyds to refund payments under the CRM code if they're not covered by it. I've therefore considered whether Lloyds should reimburse Mr G under any of their other obligations.

In broad terms, the starting position in law is that a bank is expected to process payments

that their customer authorises them to make. Here, it isn't disputed that Mr G knowingly made the payments and so, I'm satisfied he authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of the account, Lloyds are expected to process Mr G's payments, and he is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Lloyds to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

Here, Lloyds has already accepted they could've done more to protect Mr G from the scam. Because of this, they decided to refund 50% of his loss at it held Mr G equally liable for the loss – from the final payment he made to his account with R for £9,200 on 13 August 2024. As a result, I will focus on whether Lloyds should have intervened earlier and whether it is fair and reasonable for the amount refunded to Mr G to be reduced by 50% due to contributory negligence on his part.

Here, I consider that there were sophisticated aspects to this scam – however having looked at the earlier transactions Mr G made; I do think it is reasonable to conclude it would have been rational for Lloyds to have contacted Mr G sooner than they did to establish the surrounding circumstances of the payments he was making – thereby giving them an opportunity to establish if it was being made for legitimate reasons or not. However, even if Lloyds had reached out to establish the circumstances of the payments Mr G was making, I am not persuaded they would have uncovered the scam. I will explain why.

Lloyds have confirmed they called Mr G on 8 August 2024, when he attempted a payment of £24,100 to his account with M. In summary Mr G told them he was transferring money to his own account with M, confirming he worked in IT consulting and this was for training courses. Mr G also confirmed he was the only person who had access to the account and based on the information he provided Lloyds agreed to release the payment. Lloyds have mentioned they called Mr G again on 13 August 2024, but as they felt they didn't ask appropriate questions about the payment they agreed to refund 50% of the final payment Mr G made on 13 August 2024 plus 8% simple interest.

For completeness, I've also considered Mr G's interactions with M and R, during and after the payments he made from his Lloyds account. M have provided us with seven intervention calls they had with Mr G from 8 August to 27 August 2024, where they had concerns Mr G could be falling victim to a scam. On these calls M asked Mr G about the payment purpose and he was given warnings about the risks involved within crypto investments. M also asked Mr G if anyone had asked him to download any apps or software? Which Mr G replied with "No." M then asked Mr G, if he can tell them a little bit about what the payment is for, to which Mr G replied with the following: *"I am an IT consultant and so I would like to do some training"*. M also asked Mr G if anyone had spoken to him about investing in crypto to make money quickly, and explained how crypto investment scams typically unfold, including asking individuals to install remote access software on their devices and having an investment manager to help with the investments and the type of communication methods they use. These points were present in the circumstances of the scam Mr G was falling victim to but he wasn't forthcoming with M about this and told it he wasn't being guided by anyone to make the payment he was attempting.

M, restricted Mr G's account on 8 August 2024 and called him after he attempted to make a £10,000 payment to a crypto provider as they had concerns he was falling victim to an investment scam. M spoke to him again on 13 August 2024 as they were still not satisfied with the evidence and information he had provided to their questions, they had asked him about the payment purpose and his account remained restricted. As a result, on the same

day (13 August 2024) Mr G sent £15,000 to T via the crypto exchange from his account with R. This shows that he was determined to make the payments as when he experienced friction on his payments with M he sought an alternative way to make the payments.

R have also provided us with a call they had with Mr G on 13 August 2024, as they had concerns about a payment he was making. He was asked similar questions including, if he was being guided by anyone to make the payments and the purpose of the payment he was making from his account with R. Mr G indicated no one was guiding him and he was looking to invest some money and as he is an IT consultant he would try to use some of the money for courses. R then provided him with warnings about crypto investment scams and he confirmed he was not falling victim to this and was happy for the payment to go through.

I will not set out the specifics of the conversations Mr G had with T here, as he is already familiar with it. But having looked at it, it's very clear that he was being heavily coached and influenced by T from the start of the scam – which Mr G seemingly accepts. This is evident from T saying the following: *“Can you send me a screenshot?”* and *“Don’t answer the questions without showing me first.”* Mr G was then guided by T on how to answer the questions he was being asked by M as part of their fraud prevention checks. The level of coaching also included Mr G informing T when he received a call from Lloyds and he was being told what to say. Mr G had also given remote access to T on several occasions and it's clear at times T replied on his behalf to the questions he was asked, which is evident from the following comment from T: *“can you open your app, so I will reply to them?”*. It is clear Mr G was determined to make the payments to T, demonstrated by him continuing to make payments from his account with R despite the clear scam warnings presented to him by M which had resulted in his account being restricted.

I therefore don't think any further interventions from Lloyds would have been able to counter the heavy coaching Mr G was receiving from the scammer or break the scammer's spell such that Lloyds could have uncovered the scam and prevented Mr G's losses.

When considering whether a consumer has contributed to their own loss, I must consider whether their actions showed a lack of care that goes beyond what we would expect from a reasonable person. I must also be satisfied that the lack of care directly contributed to the individual's losses.

I've concluded, on balance, that it would be fair to reduce the amount Lloyds pays Mr G because of his role in what happened. Had he been more forthcoming with Lloyds, or R and M, the scam could have been uncovered sooner. I think a fair reduction is 50%.

I've also considered whether, on being alerted to the scam, Lloyds could reasonably have done anything more to recover Mr G's losses, but I don't think they could. The payments he made were made into accounts with M and R in his own name, which were then forwarded to T. So, I wouldn't have expected Lloyds to have done anything else to help recover Mr G's funds.

I have a great deal of sympathy for Mr G and the loss he's suffered. But whilst I haven't made this decision lightly, I don't think Lloyds need to provide him with any further refund.

My final decision

My final decision is I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 7 October 2025.

Israr Ahmed
Ombudsman