

The complaint

Mrs M is unhappy that Lloyds Bank PLC haven't refunded money she lost as a result of a scam.

Mrs M is being represented by a claims management company but for ease of reading I'll only refer to Mrs M in the decision.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Around early October 2023 Mrs M received a message out of the blue about an investment opportunity. She responded to the message and spoke to someone who said they were representing a merchant. Mrs M agreed to set up an account and made a £1,000 payment. After seeing her profits increase, she continued to send more money to the merchant via genuine crypto exchanges. She was then told that to withdraw her profits she would need to send further money to cover withdrawal fees. In total, Mrs M sent around £31,200 to the merchant. After the merchant continued to request further fees to withdraw profits, she realised she had been scammed. So, she made a claim to Lloyds who said it wouldn't be offering her a refund.

Our Investigator didn't think the complaint should be upheld. He said Lloyds had blocked Mrs M's account and warned her about scams on the phone and in branch. But despite these warnings she continued to make payments to the scam despite the warnings mentioning paying withdrawal fees that Mrs M later went on to do.

Mrs M disagreed and asked for an Ombudsman's review. She said that Lloyds should've intervened earlier on in the scam and this would've stopped the later losses. She added that Lloyds failed to safeguard her account after it was aware of the scam.

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 Mrs M has been the victim of a scam, and I don't underestimate the impact this has had on her. But I must consider whether Lloyds is responsible for the loss she has suffered. And while I realise this isn't the outcome Mrs M is hoping for, for similar reasons as our Investigator, I don't think it is. I therefore don't think Lloyds has acted unfairly by not refunding Mrs M's loss. I'll explain why.

It isn't in dispute that Mrs M authorised the payments here. And, under the Payment Services Regulations 2017 and the terms of her account, Lloyds are expected to process the payments and Mrs M 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.

Mrs M has said that Lloyds didn't go far enough to stop this scam and if it had intervened earlier then the scam would've been uncovered. Lloyds said that it intervened and provided crypto investment scam warnings, but Mrs M didn't listen to these, so it didn't think any earlier or later warnings would've made a difference.

Lloyds did intervene on 06 November 2023 when Mrs M was trying to make a payment to an account she held with an Electronic Money Institute (EMI). Mrs M admitted that she wanted to invest the money into crypto via her other account and that it was a newly opened account. Lloyds quickly told Mrs M about investment scams that ask people to open a new account, send money to an investment and then to a genuine crypto exchange. It made it clear that the circumstances Mrs M had explained was very likely a scam and told her that the Financial Conduct Authority's (FCA) website said that people should avoid dealing with the merchant. During that intervention it was concerned enough that it invited Mrs M into a local branch to discuss her reasons for wanting to make the payment. Lloyds blocked her online account from making payments and told her to not make any more payments to the crypto exchange. It also told her to try and make withdrawals from the platform and the crypto exchange and to be aware that the scammers would probably try and ask her to pay fees to get her money off their platform.

When Mrs M went into branch, she had another conversation with Lloyds who asked her about why she wanted to make the payments. But she failed to provide accurate answers to Lloyds's questions. It asked her about her friend and whether anyone had told her to open up the accounts with the crypto exchange. Mrs M said she had met the friend in person, had known him for a year and that no one had told her to open the accounts with the EMI and the crypto exchange. Mrs M said that the account with the EMI was set up to get cash-back rather than to make crypto payments. She added that she was a professional, was investing her money after talking with her friends and that she would never lie to the bank.

However, it's clear from the answers she gave to Lloyds when she spoke to them the second time she wasn't providing accurate answers. Instead, she insisted that she opened the EMI account more for everyday spending and she had opened an account at the crypto exchange to invest. Lloyds then cancelled the original attempted payment to the EMI and unblocked Mrs M's account. Mrs M said to Lloyds that she would be very careful from that point.

Mrs M then made two further payments to the crypto exchange a month later totalling £6,200. It's arguable that Lloyds should've stopped those payments based upon the previous conversations it had with Mrs M and the answers she had given. However, I don't think it would've made any difference. So, I don't need to make a finding on whether Lloyds should've intervened further. I'm satisfied that by the time Mrs M did visit a branch she had either been told by the scammers to provide misleading answers, or she was happy to provide the misleading answers by her own choice. Either way, I think she would've told Lloyds she was investing by herself and that no one else was involved. Mrs M was clear in the second conversation that she was a professional and that she would never lie to the bank despite doing so. So, I'm not satisfied any further interventions from Lloyds either earlier or later in the scam would've made a difference here. Mrs M ignored the warnings she was provided by the bank, even the specific warnings about having to pay withdrawal fees. These didn't resonate with her at the time because she went on to make payments for withdrawal fees.

So, I don't think I can reasonably hold Lloyds responsible for Mrs M's loss here.

Recovery

Here, it wouldn't have been possible for Lloyds to recover Mrs M's money here as we know that she received the service she paid for on her debit card – which was the purchase of crypto from the crypto exchange. So, a chargeback would unlikely have been successful. I'm sorry to hear about what happened to Mrs M before this scam occurred. But I'm afraid as Lloyds wasn't reasonably aware of the issues she was dealing with, I can't say it treated her unfairly here.

I have a great deal of sympathy for Mrs M and the loss she's suffered. But it would only be fair for me to direct Lloyds to refund her loss if I thought it was responsible – and I'm not persuaded that this was the case. For the above reasons, I don't think Lloyds treated her unfairly and so I'm not going to tell it to do anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 31 October 2025.

Mark Dobson
Ombudsman