DRN-5414720

The complaint

Mr P complains that Lloyds Bank PLC ("Lloyds"), have failed to refund money that he lost as part of an investment scam.

What happened

Mr P came across a company that purported to be an investment firm but was actually a scammer that I will call C. Mr P was persuaded to make a number of payments from his Lloyds account to a crypto exchange. Apart from the first payment - that went directly to a company - it appears that the funds were then converted into crypto and were then sent to C.

Mr P made around 14 transfers totalling over £35,000 in September 2024 to a crypto exchange and then to C.

Mr P then tried to withdraw the "profits" that he had made and when he was unable to do so, C then stopped all contact with Mr P. It was at this point that he realised he had been scammed.

Mr P raised a complaint with Lloyds, as he believed that it should have stopped him from making the payments in question.

One of our investigators looked into this matter and they decided that the payments were not indicative of a scam and therefore should not have been stopped by Lloyds. He also did not think that the funds could be recovered via other means. He therefore did not uphold this complaint.

Mr P did not agree with these conclusions. So his complaint has been passed to me to issue a final decision.

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.

Having done so, I agree with the conclusions reached by the investigator for the following reasons.

In broad terms, the starting position is that Lloyds is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.

But, taking into account relevant law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that 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;

- 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 – (as in practice Lloyds sometimes does including in relation to card payments);

- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common 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.

In this instance, the transactions were not in isolation large enough, and the pattern of spending was not sufficiently indicative of a scam, to be considered unusual or sufficiently out of character - compared to Mr P's usual account activity - to have prompted an intervention from Lloyds. I note that the payments were comparatively large. But Mr P's account had been used to make large payments before and multiple large payments in one day. The payments were also to an account in Mr P's own name and were done in a way that Lloyds would not have known that they were crypto related.

So, having considered the payments Mr P made, I'm not persuaded there was anything that ought reasonably to have triggered Lloyds's fraud monitoring systems, or that would have indicated he was in the process of being scammed. I therefore do not consider there to have been any obligation on Lloyds to have intervened for the above payments.

So taking everything into consideration, I do not think that Lloyds could have uncovered and prevented the scam.

I've also thought about whether Lloyds did enough to attempt to recover the money Mr P lost. In this instance the transfers would not be covered by the Contingent Reimbursement Model ("CRM") as the payments were made to an account in Mr P's own name. So overall, I don't think that Lloyds could have recovered any of the funds.

I appreciate this will likely come as a disappointment to Mr P, and I'm sorry to hear he has been the victim of a cruel scam. However, I'm not persuaded that Lloyds can fairly or reasonably be held liable for his losses in these circumstances.

My final decision

My final decision is that do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 22 October 2025.

Charlie Newton
Ombudsman