

The complaint

Miss S is unhappy Lloyds Bank PLC will not refund all of the money she lost as the result of a scam. She says it needs to refund an additional £11,100.

What happened

As both parties are aware of the details of the scam I will not repeat them in full here. In summary, Miss S fell victim to a cryptocurrency investment scam. She made the following five open banking payments to a wallet in her name at Kraken through Payward. From there she bought Bitcoin and transferred this to company 'N' to invest on her behalf.

payment	date	value
1	15/07/2024	£1,600
2	18/07/2024	£1,900
3	26/07/2024	£2,300
4	12/09/2024	£5,100
5	12/09/2024	£6,000

Lloyds refunded payments 1 to 3 in full. It did so as it said it should have probed further on the call it had with Miss S about payment 1, and this would most likely have stopped the scam. But as Miss S spoke to the bank on 28 August 2024 concerned she had fallen victim to a scam - and it agreed she most likely had - it did not accept liability for the payments Miss S made after this date.

Miss S did not accept this outcome and said she should be refunded in full as Lloyds failed to protect her money. She also complained about how long Lloyds had taken to respond to her complaint.

Our investigator upheld Miss S's complaint in part. She said Lloyds should be liable for 50% of payments 5 and 6 as they had characteristics that indicated possible financial harm. But Miss S should also be liable for 50% of the loss as she could also have done more to prevent her loss.

Lloyds accepted this assessment. Miss S disagreed and asked for an ombudsman's review.

In summary, she said Lloyds should cover her losses from 12 September 2024 in full. It did so for payments 1 to 3 and the situation is the same. Lloyds failed to contact her on that date before processing the payments, despite the call the parties had on 28 August 2024. No similar payments were made from her account in the previous 12 months. She disagreed she could have done more – she was confused, vulnerable and the victim of a sophisticated scam. Lloyds did not tell her not to communicate with the scammers, rather it said it was worth having a go when she said she was going to ask her contact at company 'N' for a refund. She added it is no longer unusual to be contacted by WhatsApp; it is not reasonable to expect her as a lay person to use reverse imaging to check the legitimacy of images and she did not see the FCA warning about company 'N' – whereas Lloyds should have.

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.

In broad terms, the starting position at law is that a bank such as Lloyds is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 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 by September 2024 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;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- 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;
- 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.

It is in this context that I find Lloyds should be held liable in part for payments 4 and 5.

I agree that Lloyds ought to have intervened on 12 September 2024. Both payments were higher than the typical debit from Miss S's account and to an identifiable cryptocurrency exchange platform increasing the risk profile of the transactions. I will not comment further on this however as the parties are no longer in dispute about this point. Nor do they disagree that an intervention would have most likely prevented the scam. What remains in dispute is whether Lloyds can be held solely liable or whether Miss S need take some responsibility.

I've considered carefully whether Miss S should hold some responsibility for her loss by way of contributory negligence. Accepting that she is not the fraud expert - that is the role of

Lloyds, there is a significant reason why it is fair for the liability to be shared in this case.

Miss S called Lloyds on 28 August 2024 and the parties spoke for around 1 hour 20 minutes. I have listened to the call recording. Lloyds helped Miss S unravel the payment journeys and by the end of the call advised it was definitely a scam. Miss S accepted her doubts about the opportunity had been confirmed. Lloyds explained she should contact Kraken as soon as possible to raise a claim as it was the point of loss. It did say it might be worth her asking

company 'N' for a refund but this was because Miss S was very keen to try this – it did not suggest this option. And it repeatedly said contacting Kraken should be her priority.

Despite this discussion, Miss S sent £11,100 to the scammer two weeks later so it is fair and reasonable she share responsibility. I understand she did so as the scam had progressed and by this time she believed she had a balance of over £100,000 that she could access if she paid a brokerage fee. But this does not change the fact she'd had a lengthy discussion with Lloyds which concluded with her accepting she was the victim of a scam. So the settlement of this case has to reflect that even with this backdrop she opted to make further payments to the same party.

In addition, the FCA published a warning about company 'N' on 11 September 2024. Miss S says she did not see this but I would have expected her to carry out detailed checks prior to payments 4 and 5 given the outcome of the call on 28 August 2024. Had she done so it is likely she would have seen the warning.

It follows I am only instructing Lloyds to refund 50% of payments 4 and 5.

I have then considered if Lloyds did enough to try to recover Miss S's money once it became aware of the scam. The payments were made to an account in Miss S's name at a cryptocurrency exchange. Miss S then bought and sent cryptocurrency to the scammer, in the guise of company 'N'. So, Lloyds had no reasonable prospect of being able to recover the funds from the recipient account. It follows I can't find any failings on its part in this regard.

I am aware Miss S is also unhappy with how Lloyds managed her complaint. It has apologised for the delay and paid £60 compensation. But this is not something I can look at. There is a difference between a complaint about a financial service and a complaint about how a firm has handled a complaint. I can only look at the former. Miss S's concerns about how Lloyds responded to her complaint is not a complaint about its provision of or failure to provide a financial service – it's distinctly about complaint handling. And under our rules I cannot consider complaint handling.

Putting things right

Lloyds must:

- Refund 50% of £11,100 (so £5,550); and
- Pay interest on the above amount at the rate of 8% simple per year from the date of the payments to the date of settlement.*

*If Lloyds considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss S how much it has taken off. It should also give Miss S a tax deduction certificate if she asks for one.

My final decision

I am upholding Miss S's complaint in part, Lloyds Bank PLC must put things right as set out above,

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 7 July 2025.

Rebecca Connelley

Ombudsman