

The complaint

Ms T is complaining that Lloyds Bank PLC didn't do enough to prevent her from making payments to scam, and didn't reimburse the payments she'd made once the scam had been reported.

The complaint is brought on Ms T's behalf by a professional representative.

What happened

Both parties are familiar with the circumstances of the scam, so I won't set them out in detail here.

In short, in late 2023 Ms T became involved in a cryptocurrency investment scam. The scam operated as a pyramid scheme, and it looks like Ms T was able to make withdrawals from the scam before it became clear at around the end of November 2023 that no more withdrawals could be made.

Ms T made 20 payments to the scam from her Lloyds account, between September and November 2023. She made the payments by faster payment (through open banking) to a cryptocurrency platform, and the cryptocurrency was then sent on to the scam.

When Ms T realised she'd been scammed she complained to Lloyds about what had happened, through her representative.

Lloyds issued its final response letter in April 2024. It explained that because the payments had been made to a cryptocurrency account held in Ms T's name before being paid on to the scam, they weren't covered under the Contingent Reimbursement Model (CRM) code. And it went on to say that it didn't think it ought to have intervened in any of the payments.

Ms T brought her complaint to us, where it was reviewed by one of our Investigators. Our Investigator concluded that Lloyds ought to have intervened at the time the ninth payment was made to the scam, and if it had it was likely the scam would have been uncovered. But ultimately, he also found that Ms T had received returns from the scam following the ninth payment which exceeded the total amount she'd lost to the scam from then on. So, he didn't think Ms T had suffered a loss to the scam which Lloyds ought to have prevented.

Ms T disagreed. She said, in summary, that Lloyds ought to have intervened from the fourth payment she'd made to the scam, so there was an overall loss to the scam which it should reimburse. Ms T's representative also said that Lloyds had an obligation under the Financial Conduct Authority's (FCA's) Consumer Duty to avoid foreseeable harm to its customers, including in relation to becoming victims of scams through their financial products.

Ms T's complaint was passed to me for review and a decision.

I issued my provisional decision on 19 March 2025, explaining why I wasn't upholding Ms T's complaint. This is what I said:

It's not in dispute that Ms T authorised the payments. And Lloyds had a duty to act on her instructions. But in some circumstances a bank should take a closer look at the circumstances of the payments – for example, if it ought to be alert to a fraud risk, because the transaction is unusual for the customer, or otherwise looks characteristic of fraud. And if so, it should intervene, for example, by contacting the customer directly, before releasing the payments. But I'd expect any intervention to be proportionate to the circumstances of the payment.

But I've also kept in mind that banks such as Lloyds process high volumes of transactions each day. There is a balance for it to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate.

I have reviewed the available statements which show Ms T's general account activity, along with the payments she made to the scam. And having considered when they were made, their value and who they were made to, I'm not persuaded Lloyds ought to have found any of the payments suspicious, such that it ought to have made enquires of Ms T before processing them.

While I understand the value of the payments was significant to Ms T, they were simply not of a value where I'd expect Lloyds to be concerned about Ms T being at risk of financial harm from a scam. No individual payment to the scam was higher than £1,300, and most of the payments were of a much lower value. The disputed payments were made over a two-month period, and didn't escalate rapidly in frequency or value, in the way that can sometimes indicate a scam may be taking place. While I accept that some of the payments were of greater value than the payments Ms T usually made from this account, it's not unusual for customers to occasionally make higher value payments than they usually do, and this is only one of the factors I'd expect Lloyds to have considered when deciding whether to intervene.

I've also taken into account that the payments were made to a cryptocurrency exchange, and at the time the payments were made I'd expect Lloyds to have been aware of the increased risk to its customers of multistage fraud, often including payments to cryptocurrency. But that doesn't mean payments to cryptocurrency should automatically be treated as suspicious – people can, and do, make legitimate payments to cryptocurrency.

Having considered all the circumstances, I don't think it was unreasonable for Lloyds not to view the payments as suspicious, such that it should have carried out any additional checks or given an additional warning before processing the payments. So, I don't think Lloyds ought to have done any more to prevent the payments Ms T made.

I've thought about Lloyds' obligations under the FCA's Consumer Duty, but this doesn't change my findings here.

I've also thought about whether Lloyds could have done more to recover Ms T's funds once the scam had been reported. But the payments had been made to Ms T's own cryptocurrency account and then paid on to the scam, so it's difficult to see how recovery could ever have been possible in these circumstances.

I know this outcome will be disappointing for Ms T and I'm sorry for that. But for the reasons I've explained, I don't think Lloyds should have done more to prevent her loss. So, it wouldn't be reasonable for me to ask it to refund the payments she made.

Lloyds replied to say it didn't have anything to add.

Ms T's representative replied to say it still thought Lloyds should have intervened in the payments. It said, in summary:

- there is clearly an issue with cryptocurrency payment processing due to the number of complaints we have received;
- given the increase in cryptocurrency related scams Lloyds should have more robust security systems;
- Ms T's account had very little movement and no previous investment or cryptocurrency related payments and the payment of £1,300 in a single transaction should have triggered a warning – had the payments been made from Ms T's current account my rationale may be justified; and
- the number of complaints we have handled about cryptocurrency does not support our view that existing measures are adequate.

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've not changed my provisional decision that Ms T's complaint should not be upheld.

Ms T's representative has raised some general points about cryptocurrency related scams. I don't disagree that there has been an increase in cryptocurrency related scams and Lloyds should have been aware of this increased risk at the time of the payments – and I have said as much in my provisional decision.

To turn to its point about the numbers of cryptocurrency related complaints that have been referred to the Financial Ombudsman, I think I should reiterate that I've made my decision about whether Lloyds should have done more to intervene based on the individual circumstances of Ms T's complaint. I've not made any general findings on whether Lloyds (or any other financial business) has adequate existing measures in place to identify and intervene in cryptocurrency related scams.

In relation to the points about Ms T's previous account activity, I have taken this into account in making my decision. But even so, I don't consider that the disputed payments were of a value, or pattern, where I'd expect Lloyds to have intervened – for the reasons I've explained.

My final decision

My final decision is that I'm not upholding Ms T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 24 April 2025.

Helen Sutcliffe
Ombudsman