

The complaint

Mr S and Mrs S are complaining that Lloyds Bank PLC didn't do enough to prevent them from making payments to an investment scam.

The complaint is brought on their behalf by a professional representative.

What happened

Both parties are familiar with the circumstances, so I'll only summarise what happened here. Because Mr S instructed the payments from his joint account with Mrs S, I'll mainly refer to him.

Mr S came across an investment opportunity online when looking to invest in AI trading. He entered his details and received a call from someone who said they were from an investment scheme. He was assigned a "broker" and continued to communicate with them via phone and email. He says he looked at reviews of the company online and didn't find anything to concern him. Mr S decided to go ahead with the investment.

Over March 2024 and April 2024 Mr S made transfers from his account with Lloyds to his account with an Electronic Money Institution (EMI) and from there onto the investment scheme. When his account with the EMI was blocked, he made payments directly to a digital money platform from his account with Lloyds to buy cryptocurrency, and from there he transferred the cryptocurrency to the investment scheme. Mr S has told us that he was guided by the "broker" to open the account with the digital money platform and to conduct trades, via video call.

Payments 3 and 4 weren't initially reported to Lloyds by Mr and Mrs S's representative and weren't included in the Investigator's view but I've included them here for completeness.

Payment number	Date	Payee	Amount
1	29 March 2024	Mr S's account with an EMI	£1000
2	3 April 2024	Mr S's account with an EMI	£2000
3	15 April 2024	Mr S's account with an EMI	£6,000
4	18 April 2024	Mr S's account with an EMI	£5,000
5	14 May 2024	A digital money platform	£24,500
6	24 June 2024	A digital money platform	£22,500
7	25 June 2024	A digital money platform	£8,000

8	12 July 2024	A digital money platform	£13,000
9	31 July 2024	A digital money platform	£6,500
10	27 August 2024	A digital money platform	£7,000
11	27 August 2024	A digital money platform	£6,000
12	27 August 2024	A digital money platform	£7,000

Mr S says that things appeared to go well for a few months but then his investments disappeared. He was then contacted by someone who said they were a supervisor at the investment company and could recover the lost funds if Mr S invested more. Two weeks after he did so, the investments disappeared again, and Mr S says he realised he'd been scammed. In November 2024 the Financial Conduct Authority issued a warning about the investment scheme Mr S had made the payments to, to say it wasn't authorised in the UK. There's now information available which suggests that the investment scheme Mr S made the payments to was operating a scam.

Mr and Mrs S reported what had happened to Lloyds in October 2024, but it didn't agree to reimburse the payments.

Mr and Mrs S brought their complaint to the Financial Ombudsman Service. Our Investigator looked into what had happened, but she didn't think their complaint should be upheld. She noted that Lloyds had intervened in Payment 5, and thought that during this intervention call Lloyds had given Mr S relevant warnings which he hadn't acted upon – and that he hadn't given accurate information to Lloyds to allow it to identify the scam.

Mr and Mrs S didn't agree. They said, in summary, that Mr S had been honest with Lloyds that he was converting the funds to cryptocurrency and then investing them with an investment scheme – and he had given them the name of the scheme. They thought that Lloyds hadn't acted appropriately on this information and offered him relevant scam warnings. They thought that if it had done so, the scam would have been uncovered and further payments to it prevented.

Mr and Mrs S's complaint has now been passed to me for review and a 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.

I'm sorry to disappoint Mr and Mrs S, but I'm not upholding their complaint - for much the same reasons as the Investigator. I'll explain why.

I've thought about the Lending Standards Board's Contingent Reimbursement Model (CRM) code, which is a voluntary code designed to protect customers from Authorised Push Payment (APP) Scams, and which Lloyds was a signatory to at the time of the disputed payments. But this code doesn't apply to payments made to another account within the customer's control. So, I can't consider Mr and Mrs S's complaint with this in mind.

It's not in dispute that Mr and Mrs S authorised the payments. And Lloyds had a duty to act on their instructions. But in some circumstances Lloyds 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 Lloyds processes 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.

Lloyds did identify a heightened risk of financial harm through fraud when Mr S instructed it to make Payment 5 for £24,500. I think this was reasonable. Payments 1 to 4 weren't for significant amounts and went to another account held in Mr S's name. But Payment 5 was significantly higher in value when compared with the payments Mr and Mrs S usually made from this account.

Lloyds intervened here by calling Mr S to discuss the payment. Mr S spoke to two different advisers about it, after his call was transferred from the first adviser to a fraud specialist. But he gave different information to each of the advisers he spoke to about what was happening.

During his conversation with the first adviser, the adviser explained an investment scam scenario to Mr S. He said that through browsing the internet customers can find adverts offering guaranteed returns; you register your interest and then you get a phone call back. He explained that customers will be asked to download remote access software, to open accounts with EMIs, and to move the money into an investment controlled by that fraudster.

The adviser then asked Mr S if he'd been contacted after registering his interest in such a scheme and Mr S said no – but then said he was paying cryptocurrency to the investment scheme in question (which he named) and he had a broker with it. He said he'd been with them for a few months, he'd researched them and had been able to withdraw money.

The first adviser didn't explore this further but said he needed to put the call through to a second adviser on a specialist team. He didn't pass over any of the previous information Mr S had told him about the circumstances of the payment to the new adviser during the handover.

The second adviser explained that Lloyds had seen lots of scams where customers are looking up investments through social media and are being contacted back by someone pretending to be a broker and saying they'll be able to make the best trade. He said they gain access to a customer's logon details and get the customer to transfer money to a third party. He explained he wanted to make sure this wasn't happening to Mr S and asked him to confirm that nobody had been helping him to make the investments. Mr S answered that they hadn't – and that there was nobody trying to help him or telling him (but is then cut off by the adviser speaking).

I've thought carefully about what happened during this intervention call. I do think it ought to have been more thorough, especially as Mr S disclosed that he was transferring the funds on from cryptocurrency to an investment platform. But I'm not persuaded this would have made a difference to what happened. I don't think the name of the scheme would necessarily have caused concern if the adviser had probed this further because there were no regulators' warnings published about this scheme at the time, and I can't see that there was much other negative information about this scheme published online either. As I've said, Mr S also explained that he'd been investing for a few months, he'd researched the scheme and he was able to withdraw funds, and he'd also confirmed he *hadn't* been contacted after registering his interest online. So, I think the adviser would have been reassured by this.

I must also take into account that Lloyds did intervene again on Payment 7, on 25 June 2024. During this call, the adviser asked Mr S if anyone else was involved in the payment, and Mr S said there wasn't. The adviser asked Mr S if he'd done all the research himself, and he said he had. The adviser explained that he was asking these questions because scammers were telling customers they can make so much money that they can invest on their behalf. He explained that the scammers say they can use AI to trade for them, and algorithms to make the money, but this is nonsense. He asked Mr S again to confirm nobody else was involved and Mr S said there wasn't.

So, even though Mr S didn't disclose the involvement of the broker and the investment scheme after his conversation with the first adviser, he was given scam warnings about this scenario anyway in subsequent conversations – including about being contacted by a broker after registering an interest online and moving the money on into an investment scheme. In the second call, the adviser even refers directly to such scams claiming to use AI in trading, which is the type of investment Mr S was looking for when he was approached. But unfortunately, it does appear that Mr S was under the spell of the “broker” and as such was convinced the investment was genuine, so that these warnings didn't resonate with him and he continued to make payments to the scheme.

Although I think the adviser could have asked Mr S more questions during the first call after Mr S disclosed that he was making the payments to an investment scheme, I don't think this would have made a difference to what happened here. While the information Mr S gave between the two calls was contradictory and this ought to have been identified by Lloyds, he was also given relevant scam warnings over the two intervention calls, which didn't appear to cause him concern or make a difference to his decision to go ahead with the payments. I'm not persuaded that this is a case where Lloyds should have blocked Mr S's account based on what it had found out in the intervention calls – but even if it had, I think it more likely than not that Mr S would have continued to make the payments anyway from a different account, just as he had when his account with the EMI was blocked.

I've thought about whether Lloyds could have recovered Mr and Mrs S's funds once the scam had been reported. But because the funds would have remained in Mr S's control before they were moved on to the investment scheme, I can't see that recovery would have been possible here.

I'm sorry to disappoint Mr and Mrs S. Having reviewed the correspondence between Mr S and the “broker” I can understand why Mr S was convinced that this was a genuine investment opportunity, and it seems Mr and Mrs S have lost a lot of money here. But I can't conclude that Lloyds ought reasonably to have done anything else which would have led to the payments being prevented. So, I don't think it would be reasonable for me to ask Lloyds to refund them.

My final decision

My final decision is that I'm not upholding Mr S and Mrs S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 17 November 2025.

Helen Sutcliffe
Ombudsman