

The complaint

Mr K complains that Lloyds Bank PLC ('Lloyds') won't refund the money he lost to an investment scam.

He's represented by a firm of solicitors. To keep things simple, I'll refer to Mr K throughout this decision.

What happened

The background is known to both parties, so I won't repeat all the details. In summary, Mr K says he came across an online investment opportunity (I'll call 'X') that was seemingly endorsed by a well-known public figure. He registered his interest and was contacted by an individual claiming to be from X. He later discovered he'd connected with a scammer.

As part of the process, he was asked to download an *app* and helped with setting up a crypto-wallet with a legitimate crypto-platform ('E') to facilitate payments. He then sent money for 'investment' as instructed. The payments were made from his Lloyds account directly to E and used to purchase the cryptocurrency that was then sent on and lost to the scam. Other payments were made from an account he held with another bank ('H').

He says he realised he'd been scammed when he was asked to pay 'fees' to access his money (and alleged 'profits'). By that time, around £5,500 had been sent from Lloyds to E (and then lost to the scam) across four payments between 7 and 17 June 2024.

Investigator considered it and didn't uphold it. In brief, she didn't think any of the disputed payments ought to have flagged as suspicious. And she didn't think an intervention would have likely made a difference to what happened, given that Mr K attempted more payments after Lloyds had given him a clear warning that he was being scammed.

As the matter couldn't be resolved informally, it's been passed to me to decide.

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 decided not to uphold it for similar reasons as the Investigator.

Authorisation

It's not in dispute Mr K was scammed. It's also not in dispute he authorised the payments from his Lloyds account. So, although he didn't intend the money to go to a scammer, under the Payment Services Regulations 2017, Mr K is presumed liable for his losses in the first instance. And as the Supreme Court reiterated in *Philipp v Barclays Bank UK PLC*, banks generally have a contractual duty to make payments in line with the customer's instructions.

Prevention

There are some situations where I consider that a firm (like Lloyds) taking into account relevant rules, codes and best practice, should reasonably have taken a closer look at the circumstances of a payment – if, for example, it's particularly suspicious. But I'm not persuaded there was enough about the disputed payments here for me to find that Lloyds should have stepped in on concerns that Mr K was at a heightened risk of financial harm.

Like the Investigator, I'm not persuaded that the payments in question ought to have appeared as significantly concerning in value, compared also to previous spending. I'm also not persuaded a suspicious fraud pattern ever developed to the extent that Lloyds should have intervened. In reaching this view, I'm mindful that payments to crypto-platforms can carry elevated scam risks (given the increase in scam trends involving cryptocurrency over the years). But it's also important to keep in mind many such payments won't be connected to any kind of fraud. There's a balance firms need to strike between identifying possible payments that may be the result of a scam and ensuring minimal disruption to genuine ones.

To add, even if I were to agree, at a push, that Lloyds should have stepped in, perhaps on Mr K's last payment on 17 June 2024, I'd still find it's unlikely a proportionate warning would have made a difference to what happened. I note, for example, that when Lloyds blocked a payment and spoke to Mr K on 22 June 2024, he was given clear warnings about what his situation looked like. In a call of over 40 minutes, Mr K was clearly told he was falling victim to a scam. He was given the context as to why that was. He was told the returns he thought he'd made in the space of two weeks were unrealistic and a clear red flag. It was explained that his 'profits' didn't exist and that the scammer would continue to ask him for money. He was told not to engage further. While Mr K eventually seemed to accept the position, I can't overlook he then attempted further payments towards the same scam.

I can also see from the scam chat that Mr K had developed a significant level of trust in the scammer as the relationship became close and personal in nature. I can see that, despite the scam warnings, the communication with the scammer continued and further payments were attempted, including one from H in July 2024. So, while I'm aware of the value of timely interventions, I'm not convinced a proportionate warning, a matter of days before the call I've mentioned above, would have likely prevented Mr K's losses here. As a matter of causation, I can't reasonably direct Lloyds to refund the losses in these circumstances.

I'm sorry Mr K was the victim of a cruel scam and that he went through that experience. I can understand why he wants to do all he can to recover his money. But I can only hold Lloyds responsible if it missed an opportunity to prevent what happened. For the reasons I've given, I don't think that it did.

Recovery

In terms of recovery, all the payments were card payments to Mr K's account with E. I'm satisfied a chargeback is unlikely to have been successful unless sufficient evidence is provided to show that E, a legitimate crypto-platform, failed to provide its goods and services as intended. I note that, in appealing the Investigator's view, Mr K has suggested that Lloyds' failure to intervene may have affected the chargeback process as it could have provided more robust evidence for such a claim. But the scam chat indicates the disputed funds were credited to E and were sent on to the scammer's wallet. On 17 June 2024, the scammer asked "*Have you transferred [from E] to the contract account?*". Mr K replied "*Yes...It's all in*". As before, further attempts to pay E were attempted but these were unsuccessful and didn't debit the Lloyds account. In any event, despite our requests for wallet statements, we've not been provided with anything to support that a chargeback would have succeeded.

My final decision

For the reasons I've given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 13 November 2025.

Thomas Cardia
Ombudsman