

The complaint

Mrs D complains that Lloyds Bank PLC won't refund the money she lost as the result of a scam.

Mrs D has been represented in her complaint by a firm of professional representatives.

What happened

The background to this complaint is well known to the parties, so I'll simply summarise it here.

Briefly, on 21 December 2021 Mrs D made two payments by faster payment from her account with Lloyds to her account at another high street bank (which I'll refer to as "B"). The first payment was for £11,000, and was made in the early hours of the morning. The second was for £10,000, and was made late at night.

Mrs D then made payments from her account at the other bank to buy cryptocurrency. But unfortunately it ultimately transpired that Mrs D had been the victim of a cryptocurrency investment scam.

Mrs D's representatives say, in summary, that the payments she's complained about were out of character for her, and Lloyds ought to have intervened strongly, and asked probing questions, especially given that multi-stage fraud was a well-documented and growing issue. And they say that if it had done so, it would have been able to identify all the hallmarks of a standard cryptocurrency trading scam. They believe that if Lloyds had explained this to Mrs D, she wouldn't have made the payments, and wouldn't have lost her money.

One of our investigators considered the complaint, but didn't think it should be upheld. In summary, she said that Mrs D's account at B was an established payee on her Lloyds account, and she didn't think the payments would have appeared out of character or suspicious. And she didn't think Lloyds could have recovered the money once it became aware of the scam.

Mrs D didn't agree with the investigator's view, so the complaint's been passed to me.

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 reached the same conclusion as the investigator, and for similar reasons.

I'd like to say at the start that I was sorry to hear that Mrs D lost money to a cruel scam. I don't underestimate the impact this will have had on her. My role, however, is to decide whether I can fairly hold Lloyds, which wasn't involved in the scam itself, responsible for all or any of her loss.

It's not in dispute that the provisions of the Contingent Reimbursement Model code don't apply in this case, as Mrs D made the payments to an account in her own name.

It's also common ground that the payments Mrs D's complained about were 'authorised'. Mrs D made them by faster payment from her Lloyds account. So even though she didn't intend the money to end up with a fraudster, the payments were 'authorised' under the Payment Services Regulations. Lloyds had an obligation to follow the payment instructions it received, and Mrs D is presumed liable for her loss in the first instance. But that's not the end of the story.

In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations, regulators' rules, guidance, standards and codes of practice and, where appropriate, what I consider to have been good industry practice at the time. Taking those things into account, I think that at the time the payments were made, Lloyds should have been doing the following to help protect its customers from the possibility of financial harm:

- monitoring accounts and payments to counter various risks, including fraud and scams;
- keeping 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) – especially given the increase in sophisticated fraud and scams in recent years, with which financial institutions are generally more familiar than the average customer;
- in some circumstances, regardless of the payment method used, taking additional steps, or making additional checks, before processing a payment, or, where appropriate, declining to make a payment altogether; and
- being mindful of -among other things – common scam scenarios, how fraudulent practices were evolving (including, for example, the use of multi-stage fraud by scammers, and 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.

I acknowledge that Mrs D's loss didn't arise directly from the payments she made from her account with Lloyds. The loss occurred at a later stage. But even so, there are circumstances in which I'd consider that Lloyds should have taken a closer look at the payments. Ultimately, I need to decide whether the payments were concerning enough that it would have been reasonable to expect Lloyds to have a closer look at the circumstances surrounding them.

However, I also need to bear in mind that banks process high volumes of transactions every day, and I consider that there's a balance to be struck. Banks have obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction. And I think it was reasonable of Lloyds to consider a range of factors when deciding whether to take any additional steps before making the payments.

I've looked at Mrs D's statements covering a period of 12 months before she made the payments she's complained about. She'd made a number of payments of several thousand pounds during that period, and frequently moved money between her accounts, both within Lloyds and by making payments to her account at B.

To take some examples, Mrs D made a payment from the account of £10,000 in January 2021. She made further payments of £8,000 and £2,000 (the latter being to her account at B) later that month. Those two payments immediately followed the receipt into her account of £10,000. She paid £3,000 to her account at B in March 2021, and £3,500 in August 2021. She made a payment of £6,325 in August 2021. Then in September 2021 Mrs D made a payment of £10,000, and transfers of £5,000 and £1,250 to another account she held at Lloyds within a few days. A further payment of £5,000 to Mrs D's account at B followed later that month and she made two payments of over £5,000 in October 2021, one of which was to her account at B.

So a payment of £10,000 from Mrs D's account wasn't unprecedented. I acknowledge that the two payments that Mrs D's complained about amounted to £21,000 between them. But given the number of high value payments from the account in the preceding 12 months, I don't think the payments were so uncharacteristic for Mrs D that Lloyds ought to have been concerned about them based on their size alone.

Mrs D's representatives have commented that large loans coming into an account and immediately being transferred for the purpose of buying cryptocurrency isn't a normal activity for any account. But the cryptocurrency was bought using Mrs D's account at B. B was a long-established, regulated high street bank, and there was nothing on the face of the payments Mrs D made from her Lloyds account to alert Lloyds to the fact that the money would end up being used to buy cryptocurrency. And I don't accept, given the frequency with which Mrs D moved money between accounts, that the transfer of loan money to her account at B was inherently concerning.

I acknowledge that the fact that Mrs D was ultimately intending to use the money to buy cryptocurrency might have come to light if Lloyds had contacted her about the payments, and asked her probing questions, as her representatives have said it should. But for the reasons I've set out, I don't think Lloyds did anything wrong by not contacting Mrs D about the payments before processing them.

I've considered whether Lloyds could have done more to recover Mrs D's money once it became aware that she'd been the victim of a scam. But as the investigator said, the money was quickly paid out of Mrs D's account at B, and by the time Mrs D complained to Lloyds, it would have been too late to recover it.

I'm sorry to disappoint Mrs D. I realise that this won't be the response she was hoping for. But for the reasons I've set out, I can't fairly require Lloyds to refund the money to Mrs D's account, or to take any further action.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 23 September 2025.

Juliet Collins

Ombudsman