

The complaint

Mr A complains that Lloyds Bank PLC (“Lloyds”) won’t refund in full money he lost after he was scammed.

Mr A is being represented by solicitors in this complaint.

What happened

In the summer of 2022, Mr A fell victim to a cryptocurrency investment scam. He befriended an individual in June-July, who had reached out to him through a popular instant messaging platform. Their discussions eventually moved on to cryptocurrency investments and the individual persuaded Mr A to invest in an opportunity. He made several payments from his account with another bank over the following months.

Mr A also made one payment for £19,995 through his account with Lloyds in October. The payment was initially blocked by the bank, and it contacted him to discuss it. Shortly after, when he tried to withdraw his investment but was unable to do so, Mr A realised he’d been scammed.

In November, Mr A made a payment for £7,000 from his Lloyds account to an international account. He thought he was paying a firm which would help him recover the money he’d lost to the scam. The bank discussed the payment with Mr A before processing it. Unfortunately, this also turned out to be a scam later.

Mr A complained to Lloyds in June 2024 and said that it failed to protect him from falling victim to a scam. The bank said it intervened on both occasions and although it couldn’t have prevented the first payment, it did think more could have been done when the second payment had flagged on its systems. But Lloyds also thought that Mr A could have done more to protect himself at the time, so it partially upheld his complaint and refunded 50% of the second payment along with 8% interest.

Unhappy with this outcome, Mr A referred his complaint to our service. Our investigator was satisfied that Lloyds had asked relevant and proportionate questions when it discussed the first payment. But as Mr A had provided misleading answers, Lloyds couldn’t be held liable for the loss suffered from that payment. The investigator agreed with the bank that further questions should have been asked when the second payment was discussed. And had it done so, given Mr A had ceased contact with the scammer it’s more likely than not that he would have told the truth, leading to the scam being uncovered. The also thought that liability for the loss from the second payment should be shared by both parties due to Mr A’s role in what happened.

Mr A disagreed with the investigator’s conclusions and asked for an ombudsman’s decision. His representative believe that further intervention could have prevented the scam entirely.

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 agree with the conclusions reached by the investigator and so I've decided I'm not upholding the complaint. I'll explain why.

It's not in dispute that Mr A was scammed on both occasions. It's also agreed that he authorised both payments. Under the Payment Services Regulations 2017, the starting position is that liability for an authorised payment rests with the payer, even where they are duped into making that payment. But, taking longstanding regulatory expectations and requirements into account, and what I consider to be good industry practice at the time, Lloyds should have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

Both payments in dispute flagged as suspicious and Lloyds discussed them with Mr A before processing them. I've therefore listened to recordings of the calls between the parties at these times and considered whether the bank intervened appropriately on each occasion.

Payment 1

Having done so, I'm satisfied that during the first call Mr A wasn't forthcoming with his answers. While he told the agent that the payment was for cryptocurrency investment and it was his first time, he didn't tell them that he had been introduced to the opportunity by someone else when asked about it. Mr A told Lloyds that no one else was involved or had helped him set up his account or make the payment, when in reality he'd received an unsolicited contact from a third party on an instant messaging platform who – looking at the correspondence exchanged – had been guiding him throughout the proceed. Mr A had also forwarded screenshots of apps being used with the third party when instructed.

Before asking him questions about the payment, Lloyds had informed Mr A that it was important he was honest with the bank when answering the questions as otherwise he was putting himself at risk of losing money to a scam. Despite acknowledging this warning, Mr A continued to provide misleading answers. The investigator asked him why he gave the responses that he did, Mr A said that scammers had managed to convince him that the individual he'd been corresponding with had paid large sums of money into his investment account and he would lose all the money if he didn't repay them. He believes this fear and anxiety might help to explain why he withheld information from Lloyds.

I've thought carefully about Mr A's representative's submission that Mr A hadn't been coached, so further questioning could have uncovered the scam. Our service contacted Mr A's other bank where he sent scam payments from as well. I can see from that bank's claim notes from December 2022 that it also asked Mr A why he didn't mention third party involvement when it intervened. Mr A told the bank that they (the scammer) told him not to mention their involvement when asked about it.

Given what Mr A told our investigator about his state of mind at the time, and his response to the other bank in 2022 (and so it's more contemporaneous and therefore relevant), I'm not convinced that further probing by Lloyds at the time of the first payment would have positively impacted Mr A. On balance, I think it's more likely than not that he wouldn't have been honest in his answers. In the circumstances, I don't think Lloyds could have reasonably known that Mr A might be falling victim to a scam. As such, I don't think the bank acted unfairly in processing the payment in question.

Payment 2

Lloyds has already accepted that it could have taken additional steps when it intervened during the second payment. And had it done so, it's more likely that the recovery scam would have been uncovered and Mr A's loss from that payment prevented. So, what's left for me to decide is whether it's fair for the bank to have made a deduction from the refund due.

There's a general principle that consumers must take responsibility for their decisions. I've duly considered whether Mr A should bear some responsibility by way of contributory negligence. It doesn't appear that Mr A carried out much due diligence before deciding to employ the services of the recovery firm, particularly after he'd discovered he'd fallen victim to an investment scam.

I've seen the documentation he's provided in relation to the recovery scam. It's unclear why if the firm was registered in one European Union member state that he was required to send the 'fees' a bank account in the name of an unrelated firm in another member state. This was put to Mr A's representative in response to their appeal, but no response was received. The investigator noted, and I agree, that there was a gap of several weeks between Mr A coming into contact with the firm in question and making the payment. So, he had a reasonable opportunity to look into things before deciding to make the payment.

Having thought carefully about this, I do think that Mr A should bear some responsibility for his losses and that compensation should be reduced accordingly. For the reasons set out above, I consider 50% deduction is fair. What that means is the refund Lloyds has already paid Mr A is fair. So, it doesn't need to do anything further.

Recovery

The first payment was used to purchase cryptocurrency from a legitimate platform. Given that Mr A successfully bought cryptocurrency and transferred it on (to the scammer), recovery from the platform wouldn't have been successful.

In relation to the second payment, it's unclear whether Lloyds attempted to recover the funds from the beneficiary. As I've mentioned above, the beneficiary account provider is based overseas. So, it's not bound by the best practice standards followed by payment service providers in the UK. I'm also mindful that the scam wasn't reported until nearly 18 months after the payment was made. Even if the beneficiary had co-operated with a recall request from Lloyds in 2024, I think it's extremely unlikely that recovery would have been successful given the length of time that had passed.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

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

Gagandeep Singh
Ombudsman