

The complaint

Mr U complains that Lloyds Bank PLC ('Lloyds') won't refund the money he lost to a 'recovery' scam.

What happened

The background is known to both parties, so I won't repeat all the details.

In summary, Mr U made payments for 'investment' to what he says was a scam ('T'). He searched online and contacted a 'legal firm' ('E') to help him recover that money. He was contacted by its 'solicitor' but later discovered he'd connected with another scammer.

He was told E could recover his lost funds and was guided on the steps required for that to happen. These steps included Mr U paying additional funds from his Lloyds account. The first payment went to an individual's personal account overseas. The following payments were sent to Mr U's account with a crypto-exchange ('K') for the purchase of cryptocurrency that was then sent to the scam. Screen-sharing software was used as part of the process.

He realised he'd again been scammed when, having paid as instructed, he didn't recover any of his money as expected. By that time, about £10,884 had been paid from Lloyds between 25 June and 1 July 2024, and lost to E. A complaint was made to Lloyds and then referred to our Service. Our Investigator considered it and didn't uphold it. In brief he noted that Mr U had misled Lloyds about the payment reasons when it intervened. And he wasn't persuaded Lloyds could have reasonably prevented Mr U's losses in these circumstances.

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 U 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 U 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 compliance 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.

In this case, I think there was enough about some of Mr U's payments for Lloyds to have stepped in on concerns that he might be at a heightened risk of financial harm from fraud – considering some of their values and destination (and the increase in common scam-trends involving cryptocurrency over the years). But, as referred to by the Investigator, Lloyds did intervene on some of the payments to find out more about what was happening.

The first time was on 25 June 2024 when Mr U made his first payment to an individual's account overseas. In that interaction, when Mr U was asked for a payment reason, he told Lloyds that he was sending the money to a friend; that the friend had provided her account details to him directly; and that the payment was for documents he needed. I'm satisfied that intervention was proportionate to the payment risk presented. And I'd note Mr U was warned at the outset that, if he didn't give honest answers, he'd risk losing his money if the payment was then lost to a scam.

There was another payment block which was discussed with Lloyds on 26 June 2024. In that call, Mr U confirmed he'd not downloaded remote access software. When asked who the payment was going to, he responded he was sending funds to his account with K. When asked if he was buying cryptocurrency, he said he was moving money to K for personal use. He confirmed he'd opened the account himself and that no-one had helped or advised him to do that. When asked if anything like someone pressuring him to invest had happened, Mr U replied "*no, nothing like that*". As Lloyds wasn't convinced by Mr U's responses it referred him to branch with ID – which Mr U attended on 28 June 2024.

The branch confirmed the ID was genuine. But, while there, Mr U was required to speak to Lloyds' fraud team. This time Mr U told Lloyds he was looking to buy crypto-currency with K and that he intended to hold it there. He confirmed no-one had asked him or recommended that he open that account. Despite significant probing, Mr U maintained he'd not downloaded remote access and that he wasn't sending the money on to anyone. At no point, did Mr U say anything to indicate a 'solicitor' was helping him with the recovery of funds he'd lost to an earlier 'investment' scam with T. I also can't overlook the scam chat shows he was reverting to the scammer for advice on how to respond to the questions asked. And that the spell was seemingly such that Mr U was prepared to mislead Lloyds on the scammer's instructions.

There was a further call on 1 July 2024. I'm mindful that this intervention wasn't particularly detailed. That's perhaps not surprising given the information Lloyds held about its earlier interactions. But, even if I were to say that Lloyds should arguably have gone further than it did at that time, I'm not convinced that things would have played out very differently to how they did previously. It's again clear, from the scam chat, that Mr U was still reverting to the scammer for advice at around that time and was again being coached on how to respond to questions asked. I'm not persuaded he wouldn't have found a way around the truth for his payments to go through without issue, as he did on the earlier payment blocks.

So, while I recognise Mr U was a victim in all this and that the experience has affected him deeply, I'm not persuaded that a proportionate intervention from Lloyds would have made a difference to what happened. And, as a matter of causation, I can't reasonably find that it should refund his losses when it's unlikely it could have prevented them.

Other matters

In terms of recovery, there was little Lloyds could have done. For the international payment, Lloyds has said it contacted the receiving bank and was informed the beneficiary account had been closed. I'm satisfied it's unlikely any funds would have remained to be recovered by the time the scam was reported. For the payments to K, these were sent to Mr U's own account. If any remained, Mr U would have been able to access them himself.

I also note Mr U's comments that he's still receiving scam contact from individuals about his funds. That's not something I can reasonably hold Lloyds responsible for. And I should add that it's not for a bank to track down the scammers. That's a matter for the police.

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 U to accept or reject my decision before 20 November 2025.

Thomas Cardia
Ombudsman