

The complaint

Mr A complains that Lloyds Bank plc won't refund money he lost when he fell victim to a scam.

What happened

The background of this complaint is well known to both parties so I'll only refer to the key events here.

In 2024 Mr A fell victim to a scam when he sent money to what he believed to be a legitimate cryptocurrency investment. Between May and September 2024 he made multiple payments totalling over £40,000 to what turned out to be a scam.

Mr A realised he'd been scammed after speaking with a family member. He complained to Lloyds who said they didn't have any rights to try and get the money back via the chargeback process - as the payments had gone via a third-party provider who I will refer to as "P." They also said that Mr A could have done more to protect himself from the scam, like carrying out research on the company before making any payments.

Mr A brought his complaint to our service. Our Investigator was of the opinion that it would have been difficult for Lloyds to flag the payments as unusual activity on Mr A's account given it was in line with what he had been using his account for since opening it. She did however consider that Lloyds ought to have been on notice that Mr A was at significant risk of further financial harm upon him notifying them that he believed he'd been scammed.

However at the same time, she also acknowledged that Mr A went on to make over 40 further payments after being told not to by P, and therefore it was unlikely that any intervention from Lloyds would have stopped him.

Mr A didn't accept our Investigator's view and so the complaint has 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.

I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Having considered everything, I agree with the Investigator and have decided not to uphold this complaint. I know this will come as a disappointment to Mr A, so I will explain why I have reached my decision.

It is clear in this case that Mr A has lost a lot of money. And while I do empathise with him, this doesn't automatically entitle him to a refund from Lloyds. It would only be fair for me to

tell Lloyds to reimburse Mr A if I thought they reasonably ought to have prevented the payments, or they unreasonably hindered any recovery of the funds.

Under the Payment Services Regulations (PSRs) and the terms of the account, Mr A is presumed liable for any loss in the first instance, in circumstances where he authorises a payment. That said, in line with good industry practice, Lloyds should take proactive steps to identify and help prevent transactions that appear sufficiently unusual, uncharacteristic or suspicious that could involve fraud or be the result of a scam.

However, it is important to note that there are many payments made by customers each day and so it wouldn't be realistic or reasonable to expect a bank to stop and check every payment. There is a balance to be struck between identifying payments that could potentially be fraudulent and minimising any disruption to genuine and legitimate payments.

Here, Mr A's account was opened on 29 April 2024. The first payment to the scammer was made on 8 May 2024 and was authorised by Mr A via a one-time passcode using Strong Customer Authentication (SCA). Prior to this, Mr A used the account for regular, relatively low value payments, including payments to P.

Mr A received a new debit card in May 2024 as he said his previous one was damaged, and when he attempted to make a further payment, it was again stopped for SCA and authorised.

The initial disputed payments were relatively low in value and were made to P, like some of the payments Mr A had made before. Because of this, I don't think they were so unusual or suspicious whereby I would've expected Lloyds to have had sufficient reason to suspect he might be making them in relation to a scam, therefore warranting additional checks before processing them.

However, in June 2024, Mr A contacted Lloyds to say he felt he may have been the victim of a scam. As he had made the payments via P, Lloyds told him to contact them to report it directly. Mr A reported it to P who told him to stop making payments in the way he had been. Mr A also spoke to the Police who advised him to speak to Action Fraud.

Despite Mr A receiving advice from P to stop sending money, he continued to do so. Between June and September 2024 he made over 40 further payments via the same method as before.

Because Lloyds knew that Mr A may be falling victim to a scam, I believe they should have been on notice of the risk after he called them. However, when thinking about whether any intervention from Lloyds would have made a difference, I don't think it would have done, given Mr A continued to pay the scammer, knowing he was most likely being scammed.

Lloyds feel the warnings were ignored by Mr A, and I am minded to agree. Mr A said he carried on making the payments as he was told he would get his money back. However, having been told to stop making payments and advised by the Police to contact Action Fraud, I believe Mr A was aware of the risks involved, but continued to make the payments knowing there wouldn't be any protection in place should things go wrong.

Overall, I haven't seen anything for me to suggest that any intervention from Lloyds would have stopped Mr A from making the payments to the scammer, as he was so heavily under their influence. And so, I won't be asking them to reimburse the funds lost.

Recovery

I also need to consider whether Lloyds did enough after being advised of the scam, to try and recover the funds.

The chargeback process is relevant here, as Mr A made the payments by card. The chargeback scheme is a voluntary agreement between card providers and card issuers who set the scheme rules and is not enforced by law.

A chargeback isn't guaranteed to result in a refund, there needs to be a right to a chargeback under the scheme rules and under those rules the merchant or merchant acquirer can defend a chargeback if it doesn't agree with the request. Unfortunately, the method used by Mr A to send the payments isn't covered by the chargeback scheme, and therefore recovery of the funds wasn't possible.

Overall, while I strongly empathise with Mr A and what he has been through, I don't think Lloyds are responsible for the losses he has suffered. So, while I know this will come as a disappointment, I don't think Lloyds have acted unfairly by not refunding him.

My final decision

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 6 October 2025.

Danielle Padden
Ombudsman