

## The complaint

Mr W is complaining that Lloyds Bank PLC didn't do enough to prevent him falling victim to a scam.

The complaint is brought on his behalf by a professional representative, but for ease I'll mainly refer to Mr W.

## What happened

Both parties are familiar with the circumstances of the complaint, so I won't set them out in full here.

In short, Mr W became involved in an investment scheme (which I'll call "H") which was later uncovered to be a scam. Mr W was introduced to H by a friend who was already investing in it and had received returns. Between 18 November 2021 and 29 November 2021 Mr W made the following payments to a cryptocurrency exchange by "faster payment" transfer, which he then invested in H.

Payment number	Date	Amount
1	18 November 2021	£100
2	18 November 2021	£650
3	24 November 2021	£4,000
4	24 November 2021	£5,000
5	25 November 2021	£5,000
6	29 November 2021	£10,000
7	29 November 2021	£4,500

Lloyds did speak to Mr W when he attempted to make Payment 6 to ask him some questions about the payment, but the scam wasn't uncovered.

Between 10 January 2022 and 18 April 2022 Mr W received payments into his account totalling £15,056.47 from the same cryptocurrency exchange. Mr W has explained that these were returns he'd received from investing in H.

In late 2024 Mr W complained to Lloyds about what had happened. Lloyds didn't uphold his complaint – it said that it didn't think the payments were out of character for the account. It said it did intervene on Payment 6 and provided Mr W with scam education, but Mr W confirmed the payment was genuine so it released it.

Mr W brought his complaint to the Financial Ombudsman Service and our Investigator looked into what had happened. The Investigator concluded she would uphold Mr W's complaint, in the sense that she thought Lloyds should have done more to probe Mr W about what he was investing in during its call with him when he instructed Payment 6, and if it had done the scam would have been uncovered. But she didn't think Lloyds needed to do anything else to resolve the complaint, because the returns Mr W had received from H exceeded the value of the payments to H Lloyds could have prevented if it had carried out a more robust intervention.

Mr W didn't agree – he replied to say that Lloyds should have intervened by speaking directly to him earlier than Payment 6, and he felt all the payments he'd made to H should be refunded.

The complaint has now been passed to me for review and a decision.

### **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'm not upholding Mr W's complaint – in the sense that due to the returns Mr W has received from H, I don't think Lloyds needs to do anything else here to put things right. I'll explain why.

It's not in dispute that Mr W authorised the payments, and Lloyds does have a duty to act on his instructions. But in some circumstances, it should take a closer look at the circumstances of the payments – for example, if it ought to be alert to a fraud risk, because the transaction is unusual, or looks out of character or suspicious. And if so, it should intervene, for example, by contacting the customer directly, before releasing the payments. I'd expect any intervention to be proportionate to the circumstances of the payment.

But I've also kept in mind that Lloyds processes high volumes of transactions each day. There is a balance for it to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate.

I acknowledge that I have summarised this complaint in far less detail than the parties involved. I want to stress that no discourtesy is intended by this. If there is a submission I have not addressed, it is not because I have ignored the point. But it is simply because my findings focus on what I consider to be the central issue in this complaint, which here is the point where Lloyds ought to have intervened, which is salient to deciding whether Mr W has suffered a loss that Lloyds could reasonably have prevented.

I have reviewed Mr W's account activity for around a year prior to the payments he made to H. I agree with the Investigator that I don't think Lloyds ought to have intervened earlier than Payment 6.

Looking at the value of the first five payments Mr W made, they were not particularly out of character or unusual when compared with the previous account activity. Mr W had made payments of around the same value from his account before. The disputed payments here were also not in particularly quick succession, which can sometimes indicate a scam is taking place.

At the time the payments were made Lloyds ought reasonably to have been aware of the risk of multi-stage scams involving cryptocurrency, but in 2021 I wouldn't expect it to have automatically treated payments to cryptocurrency as carrying a heightened risk of fraud. And

Mr W had made relatively high-value payments to cryptocurrency before, apparently legitimately – in February 2021 he made payments of £11,000 and £3,480.26 to a cryptocurrency exchange. In this context, I don't think the fact the payments were made to a cryptocurrency exchange ought to have particularly concerned Lloyds.

I do think, however, that Lloyds ought to have become concerned at the time Mr W attempted Payment 6, which did show an escalation in value. And Lloyds was concerned, because it asked to speak to Mr W about the payment. During this conversation Mr W explained he'd been buying and selling cryptocurrency for two to three years, and the adviser explained that he should check he could make withdrawals. The adviser explained that investing in cryptocurrency was high risk and customers should be prepared to lose their money. Like the Investigator, I think Lloyds could potentially have done more to explore if there was a particular scheme Mr W intended to invest in here and to have warned Mr W about the possibility of cryptocurrency investment scams, and of the Financial Conduct Authority's (FCA's) warning around H in particular, which was issued in March 2021.

The Investigator was persuaded that if Lloyds had done this, Mr W would have shared the name of the investment scheme and Lloyds would have drawn Mr W's attention to the FCA's warning about H not being authorised by it - and ultimately this would have prevented Mr W from making payments 6 and 7 to H. From what I've seen from Mr W's correspondence with his friend (which could suggest he would have been aware H wasn't authorised by the FCA) I'm not sure I fully agree with the Investigator's reasoning here. But ultimately, I don't need to go into any detail on this point because my findings on it don't make a difference to reaching a fair outcome.

I say this because even if I found that a more detailed intervention call from Lloyds would have prevented Payments 6 and 7, Mr W subsequently received returns from the scheme which exceeded the amount he'd paid to H from Payment 6. Payments 6 and 7 totalled £14,500. But after he made these payments Mr W received £15,056.47 in returns from H. And like the Investigator, I'm not sure Mr W would have received the level of returns he did if he hadn't also invested Payments 6 and 7 in H. But ultimately, Mr W hasn't suffered a loss to the scam which Lloyds could reasonably have prevented. And it wouldn't be fair or reasonable to ask Lloyds to reimburse Mr W for a loss it couldn't reasonably have prevented.

I've considered whether Lloyds could have recovered Mr W's funds, but the payments were made to a cryptocurrency exchange and remained in Mr W's control until he invested them in H. So, recovery wouldn't have been possible in these circumstances.

I'm very sorry to disappoint Mr W, but for the reasons I've explained, I don't think he's suffered a loss to the scam which Lloyds ought reasonably to have prevented. So, I'm not going to ask Lloyds to do anything else here.

### **My final decision**

My final decision is that I'm not upholding Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 29 July 2025.

Helen Sutcliffe  
**Ombudsman**