

## The complaint

Mr I complains, via a representative, that Lloyds Bank PLC (“Lloyds”) won’t refund the money he lost to a scam.

## What happened

The details of this complaint are well known to both parties, so I won’t repeat everything again here.

In brief, Mr I fell victim to a fake investment scam. I will call the scammer ‘B’. B told Mr I that he would earn substantial profits if he invested with B.

Mr I made the following transactions;

Transaction Number	Date	Amount	Transaction type
1	21 September 2024	£600	Card Payment
2	29 September 2024	£300	Card Payment
3	6 October 2024	£1,610	Card Payment
4	6 October 2024	£220	Card Payment
5	8 October 2024	£690	Card Payment
6	8 October 2024	£820	Card Payment
7	12 October 2024	£1,500	Card Payment
8	13 October 2024	£500	Card Payment

When Mr I did not receive his “profits” from B, he realised he had been scammed. He complained to Lloyds about this matter as he believes that Lloyds should have prevented the payments being made. Lloyds did not uphold his complaint.

Our investigator also did not uphold this complaint. He thought that Lloyds did not need to intervene during this scam and therefore he did not think that Lloyds needed to refund the transactions in question.

Mr I did not agree and therefore his complaint has been passed to me to issue 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.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities. In other words, on what I consider is more likely to have (or would have) happened, in light of the available evidence and the wider circumstances.

In broad terms, the starting position is that Lloyds, is expected to process payments and withdrawals that a customer authorises it to make. This should be in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.

However, taking into account relevant law, regulatory rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that Lloyds should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had 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). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Lloyds sometimes does); and
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including 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.

It isn't in dispute that Mr I authorised the disputed payments he made from his Lloyds account. The payments were requested by him using his legitimate security credentials provided by Lloyds. And the starting position is that Lloyds ought to follow the instructions given by their customers, in order for legitimate payments to be made as instructed.

However, I've considered whether Lloyds should have done more to prevent Mr I from falling victim to the scam, as there are some situations in which it should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character.

The transactions were not in isolation large enough, and the pattern of spending was not sufficiently indicative of a scam, in my view, to be considered unusual or sufficiently out of character to have prompted an intervention from Lloyds. Mr I had made larger payments in the past including payments to money remittance firms. So even though I can't see that he had paid crypto exchanges in the past, I don't think the payments were unusual enough to have prompted an intervention. So I don't think that Lloyds needed to intervene during the scam.

Overall and taking everything into consideration, I don't think that Lloyds has acted unfairly in not intervening in the payments that, it subsequently turned out, were being made to a scammer. Given this I don't think that Lloyds needs to refund Mr I the transactions in question.

I've also thought about whether Lloyds could have done more to recover the funds after Mr I reported the fraud.

In this case as the payments were card payment the only potential recourse for claiming back the payments was a chargeback, but I don't think that a chargeback would have been successful. The card payments were essentially a means to send funds from Mr I's Lloyds account to the crypto exchange and that is what happened. So there would be no grounds to challenge the payments. So I don't think that the funds could have been recovered.

I appreciate this will come as a disappointment to Mr I, and I'm sorry to hear he has been the victim a scam. However, I'm not persuaded that Lloyds can fairly or reasonably be held liable for the losses that he said he incurred in these circumstances.

### **My final decision**

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 1 January 2026.

Charlie Newton  
**Ombudsman**