

The complaint

Mr M is unhappy that Lloyds Bank PLC won't reimburse money he lost to a scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In summary, Mr M has explained that in November 2023 he made payments from his Lloyds account to his other account (which I will refer to as "X") to buy cryptocurrency which he ultimately lost to an investment scam.

Mr M says he came across an investment company, who I will refer to as "P", through his brother and colleague. Mr M's brother had made profits through P so following some further research Mr M decided to open an account with P. Mr M was given access to a trading platform. He was also advised to open an account with a legitimate cryptocurrency exchange. Mr M used his X account to send money to the cryptocurrency exchange, where the funds were converted into cryptocurrency before being sent on to the scammer.

After making several payments Mr M decided to carry out some additional research on P and realised it was a scam. He attempted to withdraw his funds but was unable to.

I have included a breakdown of the transactions he made from his Lloyd's account.

Date	Notes	Amount
12 November 2023	transfer to X account	£1
12 November 2023	transfer to X account	£99
16 November 2023	transfer to X account	£900
16 November 2023	transfer to X account	£2,300
18 November 2023	transfer to X account	£30
18 November 2023	transfer to X account	£20
18 November 2023	transfer to X account	£50
18 November 2023	transfer to X account	£15
	Total loss	£3,415

Mr M raised a complaint with Lloyds. Lloyds didn't think it had done anything wrong by allowing the payments to go through. So, Mr M brought his complaint to our service.

Our Investigator looked into the complaint but didn't uphold it. Our Investigator didn't think the payments Mr M had made were unusual and so he didn't feel Lloyds should have identified a scam risk. Mr M didn't agree. In short, he said:

- The payments were unusual compared to his previous account activity.
- Lloyds should have provided him with scam warnings and intervened on the payments.
- The principles of the Contingent Reimbursement Model Code (CRM Code) should be

taken into account.

- The approach Lloyds has taken seems to be inconsistent with previous cases.
- Warnings were provided by X but he didn't understand the implications of the payment purposes he had selected at the time.

Mr M's 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.

Mr M has made extensive submissions in support of this complaint. I'm very aware that I've summarised this complaint and the relevant submissions briefly, in much 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. As a consequence, 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 consider is the right outcome. Our rules allow me to do this, reflecting the informal nature of our service as a free alternative to the courts.

As such, the purpose of my decision isn't to address every single point raised. My role is to consider the evidence presented by the parties to this complaint, and reach what I think is an independent, fair and reasonable decision, based on what I find to be the facts of the case. For the avoidance of doubt, in doing so, I have carefully reviewed everything submitted by Mr M.

Mr M has advised that the approach taken by Lloyds on his case is inconsistent to other cases it has dealt with and that other banks have refunded customers in similar circumstances as him. I can't comment on individual cases. We look at complaints on a case-by-case basis, and consider the unique circumstances of each case before reaching a decision.

I'm sorry Mr M has been the victim of a cruel scam. I want to assure him that I don't underestimate the impact this has had on him. But it would only be fair for me to direct Lloyds to refund him the loss if I thought it was responsible. And, for similar reasons as our Investigator, I'm not persuaded that this was the case. I'll explain why.

The CRM Code provides refunds in certain circumstances when a scam takes place. But as Lloyds has pointed out, these payments aren't covered by the CRM code. This is because it doesn't cover payments made to an account held in a person's own name. I've therefore considered whether Lloyds should reimburse Mr M under any of its other obligations.

In line with the Payment Services Regulations 2017, consumers are generally liable for the payments they authorise. Lloyds is expected to process authorised payment instructions without undue delay. But in some circumstances a bank 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 for the customer, or looked out of character or suspicious. And if so, it should intervene, for example, by contacting the customer directly, before releasing the payments. So, although the loss did not occur directly from Mr M's Lloyds account there was still an expectation for it to look out for unusual transactions and intervene where needed.

However, I'd expect any intervention to be proportionate to the circumstances of the payment. I have kept in mind that banks such as Lloyds process high volumes of

transactions each day, and that there is a balance to be found between allowing customers to be able to use their accounts and questioning transactions to confirm they are legitimate.

Lloyds didn't identify that Mr M might be at risk of financial harm from a scam when he made the disputed payments. With the benefit of hindsight, we now know that the payments Mr M made were going to be lost to fraud. But when Mr M sent the money, this wouldn't have been obvious to Lloyds. The payments were being sent to his own account elsewhere and it wouldn't have known that Mr M was choosing to invest in cryptocurrency from the destination of the payments. And having reviewed his account statements, I can't conclude that the payments made to the scam would have looked particularly unusual or out of character to Lloyds. The highest payment made in relation to the scam was £2,300, but the majority of the transactions were under £100. All the payments made were relatively modest so I can't say Lloyds should have been particularly concerned about them or that they would have presented an obvious scam risk in value alone.

I accept that the payment of £2,300 was higher in value than some of the payments Mr M usually made from his account. But a customer making some larger payments, compared to their usual spending is not uncommon, so I wouldn't have expected Lloyds to intervene or provide him with any warnings on the payments because of this. And, as explained above, a bank needs to strike a balance between allowing customers to use their accounts without unduly hindering legitimate transactions.

Mr M has provided the Investigator with reasons for one of the higher value payments made from his account and why it shouldn't be classed as his usual account activity. But I wouldn't have expected Lloyds to have known this information at the time so it's not something I would expect it to consider before deciding to intervene.

I've also considered the frequency of the payments. The scam payments were made over several days and although there was a slight escalation in frequency, I still wouldn't have expected that to have caused Lloyds any concern. The payments did not increase significantly during this time, which is something that can happen when a customer is falling victim to a scam. And although there were a few payments made on the same day, they were simply not of a value where I'd usually expect Lloyds to be concerned that Mr M was at a heightened risk of financial harm.

Mr M has advised the payments he made in relation to the scam from X did trigger some warnings. I can't go into the specifics on the actions taken by X as this complaint concerns whether Lloyds has acted fairly. However, as explained above Lloyds had much less information around the destination of the payments. It wouldn't have known that they were being made in relation to cryptocurrency so I wouldn't have expected it to provide warnings around the risks that might apply to such payments. So, while Lloyds should be looking out for signs that their customers are at risk of financial harm from fraud, I'm not persuaded the value, frequency or destination of the payments were so unusual or suspicious for Lloyds to have suspected Mr M was at risk of financial harm - thereby prompting it to intervene before processing them.

However, for completeness, I've thought about what might have happened if Lloyds had intervened on the payments and questioned Mr M. On balance, I don't believe a warning would have impacted Mr M's decision to make the payments. It's clear that he'd invested following the success his brother had with P and the detailed research he had completed before investing. He thought this was a genuine investment, so I don't think a warning is likely to have made a difference to his decision to make payments. Additionally, it's also likely Mr M would have answered any questions in a similar manner as he did with X, so it would have been difficult for Lloyds to uncover the scam based on these responses.

Taking all of this into consideration, I don't think Lloyds ought to have done more before following the instructions Mr M gave.

I have also considered whether the funds lost to the scam could have been recovered. But as confirmed by Mr M the funds were eventually transferred over to wallets controlled by the scammers, so I don't think there was any realistic prospect of recovering his money.

I'm sorry to hear Mr M suffered a financial loss as a result of what happened. But it would only be fair for me to direct Lloyds to refund his loss if I thought it was responsible – and I'm not persuaded that this was the case. For the above reasons, I think Lloyds has acted fairly and so I'm not going to tell it to do anything further.

My final decision

For the reasons I've explained, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 24 July 2025.

Aleya Khanom
Ombudsman