

## **The complaint**

Mr P and Mrs P complain Lloyds Bank PLC (“Lloyds”) hasn’t refunded funds they lost as the result of a scam.

Mrs P was in contact with the scammer and made the payments from a joint account with Mr P, so for ease of reading this decision I will refer to Mrs P for the most part.

## **What happened**

Both parties are familiar with the circumstances of the complaint, so I’ll only summarise the key details here.

Mrs P said she was added to a group chat on a messaging service regarding investing. She said she watched the group for some time and saw members sharing their results. Mrs P told us an assistant contacted her, and she decided to invest in cryptocurrency with the group. After seeing a return on a small investment, she was encouraged to invest on a one-to-one basis with a senior analyst who would take a 30% commission of her total profits. She said to be able to invest on this basis she needed to increase her investment.

Mrs P told us as she hadn’t invested in cryptocurrencies before, she did some research online and opened an account with a firm, I’ll call R as she thought it was the safest option.

Mrs P said when she tried to withdraw funds, she was told she needed to pay the commission before any withdrawals. She told us she paid a portion of the requested commission and was able to make a small withdrawal into her account with R. Mrs P explained she continued to experience issues when trying to withdraw her funds. She said she was asked to pay various fees, commissions and taxes before withdrawals could be made and once she complied further deposits were requested.

Mrs P told us she questioned whether she was being scammed as every time she tried to withdraw funds she had to pay further fees, and no further withdrawal was received. Mrs P said the scammer insisted that she trust them and that they were complying with regulations. Mrs P told us she believed she was investing in a subsidiary of a larger firm and decided to contact that firm directly and was told the firm she was trading with wasn’t affiliated with it.. Mrs P spoke with the scammer about this who assured her they were and convinced her to pay further fees. When Mrs P refused additional fees, the scammer stopped communication and Mrs P realised, she had been scammed. She said she contacted Action Fraud to report the matter and after some time it closed her case. Mrs P told us she has raised a new claim with Action fraud since, as she sent further funds to the scammer.

Mrs P complained to Lloyds, and her complaint wasn’t upheld. Unhappy with Lloyds’s response, Mrs P raised the matter with the Financial Ombudsman Service. One of our Investigators looked into the complaint and didn’t uphold it.

As an agreement could not be reached, the complaint has been passed to me for a final 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.

I'm 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 focused 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'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.

I'm sorry that Mr P and Mrs P have been the victims of a scam. I realise they've lost a significant sum of money, and I don't underestimate the impact this has had on them. However, just because a scam has occurred, it doesn't mean they are automatically entitled to recompense by Lloyds. It would only be fair for me to tell Lloyds to reimburse them for their loss (or a portion of it) if I thought Lloyds ought reasonably to have prevented all, or some, of the payments Mrs P made, or if I believed Lloyds hindered the recovery of the payments she made – whilst ultimately being satisfied that such an outcome was fair and reasonable for me to reach.

In broad terms, the starting position at law is Lloyds are expected to process payments and withdrawals that a customer authorises it to make. I appreciate that Mrs P didn't intend for her money to end up in the hands of a scammer but as she authorised the payments in question here under the Payment Services Regulations 2017 (PSR 2017) she is presumed liable for the loss in the first instance. However, there are some situations when Lloyds should have had a closer look at the wider circumstances surrounding a transaction before allowing it to be made.

Considering the relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time - Lloyds should fairly and reasonably:

- Have been monitoring accounts 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 payment service providers are generally more familiar with than the average customer.
- In some circumstances, take additional steps, or make additional checks, before processing a payment, or in some cases decline it altogether, to help protect customers from the possibility of financial harm from fraud.
- 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.

So, I've thought about whether the transactions should have highlighted to Lloyds that Mr P and Mrs P might be at a heightened risk of financial harm from fraud.

Lloyds intervened several times prior to processing some of the disputed payments and spoke with Mrs P. I don't think I need to make a finding on whether Lloyds ought to have intervened on additional payments or not as having considered things carefully I'm not persuaded that any intervention from Lloyds would have uncovered the scam. I'll explain why.

Lloyds first intervened when Mrs P made a payment to her account with R, Lloyds asked for the reason for the payment and Mrs P says it's to be used for a trip overseas and she planned to use her account with R when abroad, which we know wasn't the case. Mrs P is given an impersonation scam warning and given she was moving funds between her accounts I think this was reasonable.

Lloyds intervened again when Mrs P made a £4,200 payment to a cryptocurrency provider. In summary Lloyds says scammers will try to get people to move cryptocurrency to their wallet and asks if Mrs P intends to keep her funds in her own cryptocurrency wallet or move it elsewhere, and she says in her wallet. It asked if she had been offered a job involving paying cryptocurrency to receive commission and she confirms she hasn't. Lloyds asked Mrs P if anyone has contacted her and given investment advice and she said no, which we know wasn't the case. The payment isn't processed, and Mrs P is advised to call back the following day if she still wishes to make the payment, which she does. During this call Mrs P says she's been investing in cryptocurrency for six months and hasn't had issues with deposits or withdrawals. Lloyds asks if she is working alongside a broker or third party and Mrs P again says no. Mrs P is advised the payment is declined and she can make the payment again.

Lloyds intervened again and in summary when asked if she has been told to lie to the bank, she says no. Lloyds asked if she's used any other platforms or exchanges other than the provider the funds were being sent to and she said no, which wasn't accurate as Mrs P was using a trading platform. She again confirms no third parties are involved and she has created her account without help. Lloyds gave various cryptocurrency investment scam warnings and asked again if she had been told to lie to the bank, and Mrs P said no.

Lloyds intervened several more times and the conversations, questions asked and warnings given are similar to the above so I won't summarise them in as much detail. In addition to the above, Lloyds tells Mrs P if there is any third-party involvement she is going to fall victim to a scam. She confirms she isn't part of any trading chat groups. She has access to her trades and can withdraw funds.

A firm's intervention relies on accurate answers from its customer and when that doesn't happen, as is the case here, it can impact the actions a firm takes. Mrs P said Lloyds ought to have questioned her further because she had originally said she was moving funds for an overseas trip and then said the payments were for cryptocurrency. This change wasn't within an intervention but related to different payments. Mrs P's payment purpose of moving funds for overseas travel would have been plausible when she was moving funds to R. She didn't during this call change the reason for the payment as for cryptocurrency, if she had I would have expected further probing from Lloyds. Equally the payment reason changed when the payments were identifiably going to a cryptocurrency provider and during these calls Mrs P never suggested the payments were for anything else other than investing in cryptocurrency so I wouldn't have expected Lloyds to probe further on the reason for the payment.

It could be argued that Lloyds ought to have intervened further during some of the calls but I'm not persuaded it would have made a difference. I'll explain why.

Mrs P's testimony is clear that the scammer gave her instructions on how to respond to security questions from R as well as with a cryptocurrency provider. Such coaching is difficult to counteract. Additionally, Mrs P explained she began to question if she was being scammed and contacted the company the scammer claimed to be affiliated with and was told it wasn't. Despite this she continued to communicate with the scammer who was able to persuade her it was linked to the firm and she continued to pay various fees. She also told us that she made a payment to the scammer even after logging a claim with Action Fraud. I

believe that Mrs P was under the scammer's spell to such a degree that Lloyds was unlikely to be able to uncover the scam. As I don't find that Lloyds is liable for Mr P and Mrs P's losses, it wouldn't be fair or reasonable for me to ask it to reimburse them.

I've also thought about the Contingent Reimbursement Model which Lloyds is a voluntary signatory of. The code isn't relevant here as it doesn't cover payments made to an account in a customer's name.

I've thought about whether there's anything else Lloyds could have done to help Mr P and Mrs P—including if it took the steps it should have once it was aware that the payments were the result of fraud.

Mrs P made payments to an account in her own name with a legitimate cryptocurrency provider. It seems she got the cryptocurrency she paid for and said she moved the funds on to the scammer; in these cases, there isn't any prospect of recovery and so I don't think Lloyds could have recovered her losses.

The funds moved to her account with R and so any recovery would have been from an account Mrs P had control over and so I don't think Lloyds needed to attempt to recover those funds.

I'm sorry to disappoint Mr P and Mrs P further, but I've thought carefully about everything that has happened, and with all the circumstances of this complaint in mind I don't think Lloyds needs to refund their money or pay any compensation. I realise this means they're out of pocket and I'm really sorry they've lost this money. However, for the reasons I've explained, I don't think I can reasonably uphold this complaint.

### **My final decision**

My final decision is that I do not uphold this complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Mrs P to accept or reject my decision before 19 January 2026.

Charlotte Mulvihill  
**Ombudsman**