

The complaint

Mrs K has complained that Lloyds Bank PLC won't refund the money she lost after falling victim to a scam.

What happened

In summary, in 2024 Mrs K and her partner found a cryptocurrency investment platform online and filled in an enquiry form. However, the platform was operating a scam.

In response to the enquiry, a scammer offered to act as Mrs K's investment broker, and guided her through the process.

Over the course of several months, Mrs K funded this investment by making various transfers between bank accounts, sending money to her cryptocurrency accounts, then sending crypto on to the scammers' platform. In total, she sent around £20,000 from her Lloyds account.

In the end, Mrs K became unable to withdraw and the platform went down.

Mrs K reported the scam to Lloyds. Lloyds reimbursed around £9,000 to her, but didn't think they were otherwise liable for the loss.

Our Investigator looked into things independently and didn't uphold the complaint. Mrs K's representatives asked for an ombudsman's final decision, so the complaint's been passed to me to decide.

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 doing so, I've taken into account everything which both sides have said and provided. But I won't necessarily go through every single argument or piece of evidence on a point-by-point basis, as a court might. We're a free alternative to the courts, here to resolve complaints more quickly and with minimal formality. So I'll keep my decision focused on what I've found to be the key points.

I understand that Mrs K fell victim to a scam, for which she has my sympathy. I appreciate this cannot have been an easy matter for her to face, and I appreciate why she would like her money back. It's worth keeping in mind that it's the scammers who are primarily responsible for their own scam, and it's the scammers who really owe Mrs K her money back. But I can only look at what Lloyds are responsible for. Having carefully considered everything that both sides have said and provided, I can't fairly hold Lloyds liable for Mrs K's loss. I'll explain why.

It's not in dispute that Mrs K authorised the payments involved. So although she didn't intend for the money to end up with scammers, under the Payment Services Regulations she is liable for her own payments and the resulting loss in the first instance. And broadly speaking, Lloyds had an obligation to follow her instructions – the starting position in law is that banks are expected to process payments which a customer authorises them to make.

Lloyds should have been on the lookout for payments which could be the result of fraud or scams, to help prevent them, though a balance must be struck between identifying and responding to potentially fraudulent payments, and ensuring there's minimal disruption to legitimate payments. In this case, I think Lloyds should've intervened, so I'm glad to see that they did, going as far as calling the police in to talk to Mrs K about scams and try to uncover what was really going on.

While I accept that Lloyds's interventions could've been better in places, I'm afraid I find that the main reason why intervention failed was down to the actions of Mrs K and her partner. Looking at what happened across the multiple banks who tried to uncover this scam, and how their interventions were undermined or ignored, it's most likely that even if Lloyds had done even better, reasonable intervention would not have prevented the loss here. I know Mrs K's representatives don't want me to take into account what happened with the other banks involved. But it regards the same matter, and is very relevant in deciding what would've most likely happened in any reasonable intervention.

Mrs K and her partner consistently gave their banks misleading answers, which substantially undermined the banks' ability to uncover or prevent this scam. They maintained a cover story that they were just investing money they could afford to lose, of their own accord, having researched the matter themselves. They said they'd only taken advice from their experienced neighbour and accountant, both of whom they'd known for decades, and were adamant they'd not been in contact with any broker, company, guide, or other third party about this. They even said that if a third party did try to contact them about this, they wouldn't listen to them. They said they were going to keep the crypto in their own wallet, the same wallet they were paying, which they'd checked was at a registered and regulated exchange which their accountant was happy with, and they said they were not going to send the crypto on.

The representatives suggested that Mrs K and her partner didn't understand the questions, got confused, and answered in good faith. But they were repeatedly asked clear questions, and repeatedly gave clear answers which showed a clear understanding of what they were being asked. The representatives also suggested that maybe they'd forgotten what was going on. But that suggestion is not reasonable. The questions were being asked contemporaneously, not any significant time after the fact.

There are further reasons to conclude that reasonable intervention was unlikely to have worked in this case. For example:

- From what's been said and provided, Mrs K was very much under the scammers' spell and would follow their instructions even if she didn't understand them.
- At the time, Mrs K and her partner even complained that their bank was intervening too much on their joint account, asking for it to stop and taking compensation.
- Even when the banks gave relevant details about scams like this one and how they work, Mrs K insisted the warnings weren't applicable and still went ahead.
- Even after being made to go through scam education in branch, Mrs K and her partner did not heed the warnings and still went ahead.

- Even when Lloyds called the police in to talk about relevant scams, Mrs K still went ahead. The representatives now claim this conversation was only about money laundering or romance situations, but the records from the time show that the police were called in to talk about relevant scams, and Mrs K confirmed herself at the time that that's what they talked about.
- Even when one of the banks stopped the payments and set out why they were certain this was a scam, Mrs K agreed to the stop, but just got around the stop by making her further scam payments using accounts at other firms instead. Both existing and new accounts were used to facilitate the scam.

As such, it is not likely or plausible that reasonable intervention would've stopped the loss in this particular case. It's much more likely that Mrs K would've continued to mislead the banks and disregard relevant warnings. And even if the bank outright stopped Mrs K and told her this was definitely a scam, it seems she would've most likely just switched to using a different account instead and carried on.

I've then considered what Lloyds did to try to recover the money after Mrs K told them about the scam. These were payments to Mrs K's own accounts, so they were not covered by schemes like the CRM code or ASR rules. Unfortunately, it wasn't possible for Lloyds to recover funds which Mrs K had already sent on in crypto from her crypto accounts. And any money still remaining in Mrs K's own accounts was still available to her, so there was nothing more for Lloyds to do there.

So while I'm very sorry to hear about what the scammers did to Mrs K, I cannot fairly or reasonably hold Lloyds responsible for her loss. And Lloyds have already reimbursed part of that loss despite not being liable. So I cannot fairly or reasonably tell them to do anything more in this case.

My final decision

For the reasons I've explained, I don't uphold this complaint.

This final decision marks the end of our service's consideration of the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 28 November 2025.

Adam Charles
Ombudsman