

The complaint

Mr D complains that Lloyds Bank PLC (Lloyds) is refusing to refund him the amount he lost as the result of a scam.

Mr D is being represented by a third party. To keep things simple, I will refer to Mr D throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr D had been researching investments when he came across an advertisement. Mr D engaged with the advertisement and was added to a group chat on a well-known messaging application for a company I will call "X".

Mr D was able to see what appeared to be people making genuine investments into a trading platform and earning profits.

Mr D then spoke to an individual claiming to be from X who explained the investment opportunity in more detail. X was professional and knowledgeable which Mr D says convinced him the opportunity was genuine.

Mr D says he carried out some online research and as he didn't find anything that caused him to have concerns he decided to start investing.

Mr D was given access to a trading platform having first followed what appeared to be a genuine signing up process. Mr D then started to make payments and was able to make some withdrawals which gave him further confidence the investment was genuine.

Having made a profit on his investment Mr D decided to withdraw his funds but was told he would have to make further payments first. Mr D refused to make the further payments and realised he had fallen victim to a scam.

Mr D has disputed the following payments made from his Lloyds account in relation to the scam:

Payment	Date	Payee	Payment Method	Amount
1	28 October 2024	Crypto.com	Debit Card	£8,065
2	4 November 2024	CRO	Debit Card	£9,000

Our Investigator considered Mr D's complaint and didn't think it should be upheld. Mr D disagreed, so this complaint has 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.

It has not been disputed that Mr D has fallen victim to a cruel scam. The evidence provided by both Mr D and Lloyds sets out what happened. What is in dispute is whether Lloyds should refund the money Mr D lost due to the scam.

Recovering the payments Mr D made

Mr D made payments into the scam via his debit card. When payments are made by card the only recovery option Lloyds has is to request a chargeback.

The payments Mr D made in relation to the scam didn't go direct to the scammer. The payments were made to a genuine cryptocurrency exchange in exchange for cryptocurrency that was provided to Mr D.

As there is no dispute that cryptocurrency was provided to Mr D in exchange for his payments and it took further steps for those funds to end up in the hands of the scammer, any attempt to recover the payments would have no prospects of success.

Should Lloyds have reasonably prevented the payments Mr D made?

It has been accepted that Mr D authorised the payments that were made from his account with Lloyds, albeit on X's instruction. So, the starting point here is that Mr D is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Lloyds should have been aware of the scam and intervened when the payments were being made. And if it had intervened, would it have been able to prevent the scam taking place.

The payments Mr D has disputed were both of significant value to a well-known cryptocurrency exchange. Considering the value of the payments and the increased risks associated with payments made in relation to cryptocurrency, I think Lloyds should have intervened when the first payment was attempted.

I think a proportionate intervention would have been for Lloyds to have discussed the payment with Mr D to discover the background leading to the payment and then to provide an appropriate warning.

Lloyds did provide several interventions and multiple calls between Mr D and Lloyds took place. I have listened to recordings of these calls.

On 28 October 2024 when Mr D attempted payment 1 a call took place between Mr D and Lloyds. Mr D was required to upload a document to prove his identity, alongside a selfie. Mr D then confirmed:

- He had made the transaction himself
- He had not been directed by anyone to make the payment
- He had researched the payee
- He had not received any calls or messages to take part in the investment
- He was doing it solely on his own
- No one had remote access to his device
- He was aware of the risk associated with crypto and that he could lose his money

Mr D was warned that he should be prepared to lose all his money and that once the funds had left his account it was unlikely they could be recovered.

Mr D then continued to make various payments that were declined by Lloyds and he was referred to a Lloyds branch to provide his ID and discuss the payment. While at the branch a call was made to Lloyds' fraud department. Mr D confirmed he was making the payment himself and was told his account had been unblocked.

Although Mr D's account was not unblocked, and further calls took place on 4 November 2024. Mr D was attempting to get his account unblocked and confirmed:

- He was trying to move funds to his own crypto account
- No one was asking him to make payments
- No one had sent him a link
- He was making payments of his own volition
- No one had asked him to lie to the bank
- He had previous experience of crypto
- The reason he was using the new exchange is that he found it more user friendly

Following the call Mr D was again advised he would need to go to a Lloyds branch to have the block removed.

Mr D visited a branch where his ID was checked again, he was shown an educational video, and confirmed he was making a payment to his own account and that he understood the risks.

Over the course of the interventions provided by Lloyds Mr S did not provide completely accurate information. Mr D was added to a group chat and started investing on the guidance of X, having spoken to X over the phone and exchanging multiple messages. Mr D was not making the payments independently, but as part of an investment he had initially found online.

Giving incorrect information would and did make it very difficult for Lloyds to uncover the scam that was taking place. Even if Lloyds had intervened further than it did, I don't have enough to say that Mr D would have provided anymore accurate answers. So, I don't think Lloyds missed an opportunity to prevent the scam and it is not responsible for Mr D's loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 2 January 2026.

Terry Woodham
Ombudsman