

## The complaint

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

Mr E is being represented by a third party. To keep things simple, I will refer to Mr E 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 E tells us he was introduced to an investment company I will call "X" by a friend. Mr E's friend explained that he could receive reasonable returns and was able to show Mr E returns that had been made before he decided to invest.

Convinced the investment opportunity was genuine Mr E started making payments as requested. Mr E made payments from his Lloyds account to a genuine cryptocurrency exchange where he purchased cryptocurrency that he forwarded to a wallet he thought was linked to his account with X. Once the payments had been made his balance on X's platform appeared to show a corresponding amount. Mr E was promised a return of three times his investment.

Mr E says that when he tried to withdraw from the investment, he was told he would need to make further payments first, and it was at this time that he realised he had fallen victim to a scam.

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

Payment	Date	Payee	Payment Method	Amount
	8 January 2022	CRO	Debit Card	£0.05 (blocked)
	8 January 2022	CRO	Debit Card	£899.40 (blocked)
	8 January 2022	CRO	Debit Card	£1,010.88 (blocked)
	8 January 2022	CRO	Debit Card	£1,012.41 (blocked)
	8 January 2022	CRO	Debit Card	£22.37 (blocked)
	10 January 2022	CRO	Debit Card	£248.41 (blocked)
1	13 January 2022	CRO	Debit Card	£979.57
2	13 January 2022	CRO	Debit Card	£2,823.04
3	17 January 2022	CRO	Debit Card	£8,221.03

Our Investigator considered Mr E's complaint and thought it should be upheld in part. Lloyds 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.

From the information provided I think that it's most likely Mr E has fallen victim to a cruel scam. What is in dispute is whether Lloyds should refund the money Mr E has lost.

#### *Recovering the payments Mr E made*

Mr E 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.

But the payments Mr E made did not go to the scammer directly. Instead, the payments were made to a legitimate cryptocurrency exchange in exchange for cryptocurrency. As cryptocurrency was provided to Mr E in exchange for the payments he made 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 E made?*

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

I can see that Lloyds did stop multiple payments in relation to the scam before other payments were processed successfully.

A conversation took place between Mr E and Lloyds debit card fraud team on 10 January 2022. The Lloyds advisor asked Mr E to confirm it was him that had attempted to make the blocked payments. Mr E confirmed it was him.

The Lloyds advisor then asked Mr E to confirm the payments were in relation to cryptocurrency and that he had downloaded the cryptocurrency app himself and had not clicked on a link sent by anyone.

During this call Mr E also confirmed he was aware with the risk associated with cryptocurrency investment.

Following this call Lloyds removed the block on Mr E's card and he was able to make the disputed payments.

I think it's clear that Lloyds recognised a risk associated with the payments Mr E attempted as it blocked his card and spoke to him over the phone. I think this is reasonable considering the multiple payments Mr E attempted for differing values to a cryptocurrency exchange in a short period, especially when I consider that Lloyds would have been aware of the increased risks associated with cryptocurrency related payments.

Considering what Lloyds knew or ought to have known about common cryptocurrency related scams at the time I don't think Lloyds went far enough when it discussed the payments with Mr E and I think it should have asked further questions to better understand

the background that led to the payments being made.

Examples of questions Lloyds could have asked are:

- Why are you making the payments?
- How does the Investment work?
- Where did you find out about the investment?
- Have you been promised unrealistic returns?
- What company are you investing with?
- What research have you carried out?
- Will you be moving the cryptocurrency to another platform?
- Are you using a broker or advisor?

Lloyds has told us that even if it was to have asked further questions it thinks it's most likely the scam would not have been uncovered. But I disagree, I think it's most likely Lloyds would have found that although Mr E had been introduced to the investment by a friend he had also been promised too good to be true returns and was moving cryptocurrency to a different platform.

Lloyds could then have provided Mr E with warnings relevant to the information it had received and prompted him to do further research.

Considering that at the time the payments were made there were multiple warnings available online identifying X as a scam I think it's most likely, having been warned by Lloyds and carrying out further research, that the scam would have been prevented.

As Lloyds did not intervene in the way I think it should have above, I think it's reasonable to say that it's responsible for Mr E's loss in relation to the scam.

*Did Mr E contribute to his loss?*

Despite regulatory safeguards, there is a general principle that consumers must still take responsibility for their decisions (see s.1C(d) of our enabling statute, the Financial Services and Markets Act 2000).

In the circumstances, I do think it would be fair to reduce compensation by 50% on the basis that Mr E should share blame for what happened. I say this because I think there were some clear red flags that Mr E should have been aware of:

- Mr E was promised too good to be true returns
- Mr E appears to have carried out very little research. At the time the payments were made, and there were multiple warnings available online identifying X operating a scam
- Mr E does not appear to have seen actual returns when his friend introduced him to the scam

Had Mr E taken notice of the above red flags and carried out further due diligence I think it's likely he could also have uncovered information about X operating a scam and prevented his loss.

Lloyds says it does not believe Mr E has provided sufficient evidence he has lost funds to the scam. But having looked over everything provided by Mr E including evidence of his cryptocurrency activity, communication with X and that we know X was operating a scam I think it's clear that the payments Mr E has disputed were lost as a result of the scam.

### **Putting things right**

To put things right, I require Lloyds Bank PLC to:

- Refund 50% of the payments that Mr E made to the scam
- Apply 8% simple interest to the amount it refunds Mr E from the date of the loss to the date the payment is made (less any lawfully deductible tax)

### **My final decision**

I uphold this complaint and require Lloyds Bank PLC to put things right by doing what I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 11 February 2026.

Terry Woodham  
**Ombudsman**