DRN-5746162

The complaint

Mr L complains that Lloyds Bank PLC didn't do enough to protect him when he fell victim to a cryptocurrency investment scam.

What happened

After seeing an advert on social media in August 2024, Mr L joined a cryptocurrency trading and investment WhatsApp group. Following the groups instructions, Mr L bought genuine cryptocurrency and then sent this on to what he believed was an investment platform. Mr L understood he'd made a substantial amount and wanted to withdraw funds but was then required to pay fees to access his money. Despite paying these, including through borrowing funds from his bank, he couldn't withdraw and then he lost contact with the trading company.

Mr L realised he'd been scammed and contacted Lloyds about this, asking for a full refund of his losses. It agreed to refund him some of his loss, as it identified it should've questioned him more when he borrowed funds through it in September 2024 and then used these to buy cryptocurrency. But it wouldn't refund the full amount.

Mr L didn't accept this and came to our Service. Our Investigator didn't uphold his complaint and said that she wasn't persuaded Lloyds could've stopped him losing the money. She referenced his conversations with the scammers and also his past experience of being scammed in the same way. Mr L disagreed and asked for an Ombudsman to review his case, but he didn't give any reason for this.

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.

Having done so, I agree with the investigator's conclusions for the following reasons:

- It isn't in dispute that Mr L authorised the transactions in question. He is therefore presumed liable for the loss in the first instance. However, as Lloyds is aware, taking longstanding regulatory expectations and requirements into account, and what I consider to be good industry practice at the time, it should have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.
- I'm not persuaded Lloyds did need to intervene on the first eight payments Mr L sent. They weren't entirely out of character for his account in either value or destination. I'm not persuaded they indicated such a risk that Lloyds ought to have paused them and questioned Mr L.
- However, the ninth payment made was for substantially more than these previous payments, £5,700 and indicated a pattern of increasing spending to cryptocurrency in a short-space of time. So I consider this payment did look suspicious to Lloyds and it ought to have paused this payment and questioned Mr L about what he was doing to better understand the risk. It also ought to have used this information to give him a better automated warning specifically tailored to cryptocurrency investment scams.

- While I accept Lloyds ought to have asked questions of Mr L about this payment, I'm not persuaded that this would've prevented his loss from this or the subsequent payments he was making.
- In his chat with the scammer, Mr L indicates he's been scammed in this exact way before. So he is already aware of the common features of these scams – which is what the warning would've shared. For example, when he's asked to pay funds to withdraw he shares this is what previously happened to him. And yet he goes ahead.
- The scammer also reassures Mr L and says that they have been through the same process and it is genuine, which Mr L accepts above his prior experience.
- Mr L shares several times that different people close to him, including those more experienced in investing, believe he is being scammed. But this doesn't persuade him to stop. The chat indicates that he's determined to go ahead and would rather risk all his funds on it not being a scam, than accept it is and stop.
- I can only ask Lloyds to reimburse Mr L additional funds if I find that any wrongdoing on its part *caused* his loss. Our Investigator clearly set out why she didn't consider Lloyds intervening would've changed what happened here and I agree. And Mr L hasn't sought to substantiate an argument as to why better questioning would've resulted in him acting any differently given the level of trust he had in the scammer and his knowledge of these scams. So I don't consider Lloyds could've prevented the losses here.
- I'm not persuaded there were any prospects of Lloyds successfully recovering the funds, given the money was used to purchase cryptocurrency from legitimate providers and Mr L received this in his own cryptocurrency accounts before it was lost.

My final decision

For the reasons set out above, I don't uphold Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 6 October 2025.

Amy Osborne
Ombudsman