

The complaint

Mr M is complaining about Lloyds Bank PLC because it declined to refund money he lost as a result of fraud.

What happened

Sadly, Mr M fell victim to a cruel investment scam. In short, he was tricked into purchasing cryptocurrency that he then transferred to the scammers to make what he thought was a legitimate investment. The scam was funded by transfers for £1,000 on 15 February 2025 and £500 the following day from his Lloyds account to a cryptocurrency exchange.

Our investigator didn't recommend the complaint be upheld. She didn't think there were sufficient grounds for Lloyds to suspect the payments could be part of a scam or that it should have intervened in the payment process to question them.

Mr M didn't accept the investigator's assessment. He says these payments were unusual for his account and the fact they were going to cryptocurrency should have prompted Lloyds to provide warnings that would have prevented a loss he considers was foreseeable.

The complaint has now been referred to me for review.

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've reached the same overall conclusions as the investigator, and for broadly the same reasons. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

There's no dispute that Mr M authorised these payments. In broad terms, the starting position at law is that a bank is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Lloyds also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Lloyds acted fairly and reasonably in its dealings with Mr M.

The payments

I must take into account that many similar payment instructions Lloyds receives will be entirely legitimate. And I also need to consider its responsibility to make payments promptly.

Having considered what Lloyds knew about the payments at the time, I'm not persuaded it ought to have been particularly concerned about them. The payments were to cryptocurrency, which was a new type of payment for Mr M and that Lloyds should have known carried a greater risk of being associated with fraud. But the amounts involved were relatively low and, as there were only two payments, I don't think a pattern of multiple, rapid and increasing payments consistent with many known scams had begun to emerge. On balance, taking everything into account, I don't think there were sufficient grounds for Lloyds to suspect Mr M was at risk of harm from fraud and I can't reasonably say it was at fault for processing the payments in line with his instructions.

I want to be clear that it's not my intention to suggest Mr M is to blame for what happened in any way. He fell victim to a sophisticated scam that was carefully designed to deceive and manipulate its victims. I can understand why he acted in the way he did. But my role is to consider the actions of Lloyds and, having done so, I'm not persuaded these were the cause of his losses.

Recovery of funds

Mr M isn't eligible for a refund under the industry's reimbursement scheme for authorised push payment (APP) fraud, which replaced the CRM Code from October 2024, as he sent money to accounts in his own name. Nonetheless, I've looked at whether Lloyds could or should have done more to try and recover his losses once it was aware the payments were the result of fraud.

I understand Mr M first notified Lloyds of the fraud a number of weeks after the payments were made and it's a common feature of this type of scam that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery.

In any event, Mr M transferred funds to a legitimate cryptocurrency account in his own name. From there, he purchased cryptocurrency and moved it onto a wallet address of his choosing (albeit on the scammers' instructions). Lloyds could only try to recover funds from his own account and it appears all the money had already been moved on. If not, anything that was left would still have been available to him to access.

In the circumstances, I don't think anything that Lloyds could have done differently would likely have led to these payments being recovered successfully.

In conclusion

I recognise Mr M has been the victim of a cruel scam and I'm sorry he lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I think Lloyds acted fairly and reasonably in this instance and I won't

be telling it to make any refund.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 24 February 2026.

James Biles
Ombudsman