

The complaint

Ms N is complaining that Lloyds Bank PLC hasn't agreed to refund payments that she says were made to an investment scam.

The complaint is brought on her behalf by a professional representative.

What happened

Ms N says that in 2020 she fell victim to an investment scam.

Ms N's representative has told us that the following payments made from Ms N's Lloyds account in July 2020 and August 2020 were sent to the scam. The payments were to a cryptocurrency provider.

Date of payment	Type of payment	Amount
28 July 2020	Faster payment	£5
30 July 2020	Faster payment	£2,000
26 August 2020	Debit card payment	£270

Ms N's statements show that some funds were returned to her account from the cryptocurrency provider and her representative has told us that the overall loss to the scam she wishes to claim from Lloyds is £288.39.

Ms N initially reported the scam to Lloyds in late 2020, and Lloyds responded to say it couldn't recover the funds. In 2024 Ms N complained to Lloyds about what had happened, through her representative. Lloyds didn't agree to refund the loss to the scam Ms N was claiming, but it did pay her £25 to reflect a delay in it responding to her complaint. Ms N brought her complaint about her loss to the scam to the Financial Ombudsman Service.

Our Investigator looked into what had happened. But he didn't think Ms N's complaint should be upheld. He thought, in summary, that Ms N had authorised the payments. And he didn't think Lloyds ought to have identified a scam risk and intervened to warn Ms N. He also didn't think Lloyds could reasonably have done anything else to recover the funds after the scam had been reported.

Ms N didn't agree. Her representative responded on her behalf to say, in summary, that she had been tricked into making the payments to what she believed to be a legitimate investment and that meant she didn't give informed consent to them. It said that Lloyds should have recognised a scam risk and intervened, particularly as the payments were made to a cryptocurrency provider, and if Lloyds had taken a more proactive stance, it could have prevented the loss or recovered the funds. It also thought Lloyds should pay Ms N compensation of £1,000 to reflect the emotional impact on her of its lack of support during

the scam.

Ms N's complaint has been passed to me for review and a decision.

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.

I should explain initially that only limited information and evidence to show how Ms N suffered a loss to the scam has been provided, and I don't think that we have enough evidence here to show that Ms N has suffered the loss she has claimed. However, I don't think this makes a difference to the outcome of Ms N's complaint because even if I did have more evidence to substantiate Ms N's loss to the scam, I've concluded that Ms N authorised the payments and Lloyds didn't need to do anything else to prevent her from making them. So, I'm not upholding her complaint. I'll explain why.

Authorisation

I've started by considering whether Ms N authorised these payments. This is relevant as, in line with the Payment Services Regulations 2017 (PSRs), she would generally be liable for payments she authorises – whereas Lloyds would be liable for unauthorised payments.

The PSR specify that authorisation depends on whether the payment transactions were authenticated correctly – and whether Ms N consented to them. They also specify how consent is given: it must be in the form, and in accordance with the procedure, agreed between Ms N and Lloyds. If Ms N has used the agreed form and procedure for making the payments, then she's given consent to the execution of the payment transactions.

In her initial correspondence with Lloyds, Ms N said she hadn't authorised the payments as she thought the payments were being made directly to the investment company and she wasn't aware of the involvement of the cryptocurrency provider. But Lloyds' notes of a call it had with Ms N do say that she confirmed the payments in dispute were made by her to her own cryptocurrency account held with the provider.

But in any event, it doesn't appear to be in dispute that Ms N completed the agreed form and procedure to make the payments here. I say this because Ms N has confirmed that she made the payments herself and that there was no use of remote access by the scammer. So, the starting position is that Ms N authorised the payments and so, she is liable for them. I appreciate that Ms N says she was deceived about the purpose and, potentially, the destination of the payments, but this isn't a consideration under the rules.

Should Lloyds have intervened?

I've concluded that the payments were authorised, so I've gone on to consider if Lloyds should have done anything else to prevent the payments Ms N made to the scam.

Ms N's representative has mentioned the Contingent Reimbursement Model (CRM) code, which is a voluntary code designed to protect customers from Authorised Push Payment (APP) scams. But this code doesn't apply to debit card payments or to transfers made to another account held in the customer's own name, which would have been the case here. So, I can't consider Ms N's complaint with this in mind.

When a payment is authorised, Lloyds has a duty to act on the payment instruction. But in some circumstances, it should take a closer look at the circumstances of the payment – for

example, if it ought to be alert to a fraud risk, because the transaction is unusual, or looks out of character or suspicious. And if so, it should intervene, for example, by contacting the customer directly, before releasing the payment. I'd expect any intervention to be proportionate to the circumstances of the payment.

But I've also kept in mind that Lloyds processes high volumes of transactions each day. There is a balance for it to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate.

I agree with the Investigator that I wouldn't have expected Lloyds to have intervened here. The value of the disputed payments was not significant in the context of the payments Lloyds processes every day and I don't think it ought to have found the pattern of the payments suspicious either. Although the payments were made to a cryptocurrency provider, at that time I wouldn't have expected Lloyds to have automatically treated payments to cryptocurrency providers as carrying a heightened risk of fraud.

Overall, I don't think these payments ought to have caused Lloyds to be sufficiently concerned about a scam risk that it ought to have intervened with a warning, or by contacting Ms N directly, before allowing them to proceed.

Recovery

I don't think Lloyds could have done any more to successfully recover the payments here.

I can see that Lloyds initially received a scam report from Ms N in late 2020 although it's not clear what action, if any, it took to attempt to recover the faster payments at this time. However, it's highly unlikely that any attempts to recover the faster payments would have been successful as the funds would already have been moved on from the receiving cryptocurrency account when they were lost to the scam.

Ms N's representative has mentioned the possibility of Lloyds initiating a chargeback claim for the debit card payment, but because the cryptocurrency provider would have provided the agreed service to Ms N, I can't see any grounds on which that would have been successful either.

I've also not found that there are any grounds for Lloyds to pay compensation of £1,000 as Ms N has requested. While I appreciate that Ms N would have experienced significant distress on discovering she'd been the victim of a scam, this distress was caused by the actions of the scammer and not because of anything Lloyds did wrong here.

I'm sorry to disappoint Ms N. But I've not found that there are any grounds for me to direct Lloyds to reimburse her for the loss she has claimed here.

My final decision

My final decision is that I'm not upholding Ms N's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms N to accept or reject my decision before 20 January 2026.

Helen Sutcliffe
Ombudsman