

## The complaint

Mr J complains that Lloyds Bank PLC ('Lloyds') won't reimburse the funds he lost when he fell victim to a scam.

## What happened

Between 2021 and 2024 Mr J fell victim to a series of scams.

Initially, Mr J messaged various individuals who purported to be Hollywood celebrities. He bought gift cards and paid funds to what he believed was their management teams via cryptocurrency. The payments allegedly covered things like security, flights and hotel costs to meet the celebrities in the UK. I understand that these scammers introduced Mr J to a cryptocurrency investment opportunity which involved trades managed by a specialist team. Again, Mr J made payments to cryptocurrency accounts in his own name before moving funds to wallet address details he was provided with.

Between 1 November 2021 and 14 April 2022 Mr J made over 70 payments to various cryptocurrency exchanges amounting to over £89,000 from his Lloyds account. He says that all payments were lost to scammers.

After April 2022 Mr J made scam payments from other accounts he held.

Through a professional representative, Mr J reported what had happened to Lloyds in January 2025.

Lloyds didn't agree to reimburse any of Mr J's loss. It said the Lending Standards Board's Contingent Reimbursement Model Code ('CRM Code') that was in force at the time didn't apply to the payments, as they were made to accounts in Mr J's own name and many were debit card payments. Lloyds went on to say that when the payments became unusual it intervened, but Mr J wasn't open in his responses.

Mr J was unhappy with Lloyds' response and brought a complaint to this service.

The investigator who considered this complaint didn't recommend that it be upheld. She noted that the payments Mr J has asked this service to consider aren't covered by the CRM Code, meaning she was unable to review the code's provisions in respect of vulnerability. She went on to say that Lloyds was right to intervene when certain transactions were made, but that intervention didn't go far enough. But had Lloyds gone further, the investigator didn't think the scam would have been uncovered and Mr J's further loss prevented. In reaching this conclusion, the investigator cited the fact Mr J misled Lloyds when it intervened, made payments from multiple bank accounts and continued to make payments even when he knew he was the victim of a scam. Finally, the investigator noted that Mr J's funds couldn't be recovered.

Mr J didn't agree with the investigator's findings and asked for a decision. I have summarised his main points below:

- The scams have had a profound impact on him that goes far beyond the financial loss he has incurred.
- The investigator's view shows a "fundamental misunderstanding of the psychological dynamics of this sophisticated fraud". His dishonesty was a symptom of fraud, as he was coached by the scammers.

- Lloyds has a duty of care outside of the CRM Code. He referred to Principle 6 of the FCA's Principles for Businesses. When Lloyds flagged the two payments, its duty to exercise reasonable skill and care was triggered.
- His vulnerabilities directly impaired his ability to make rational decisions leaving him susceptible to manipulation.
- It is speculation that if Lloyds had intervened better, he'd have used a different account to continue to make payments.
- Another bank has provided a refund, and it is unfair that Lloyds hasn't.

### **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.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations; regulators' rules, guidance and standards; codes of practice and, where appropriate, what I consider to have been good industry practice at the time.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in light of the available evidence.

I'm very sorry to hear of what happened to Mr J and of the huge impact it has had on him. He has been targeted by unscrupulous people and has lost a lot of money.

I agree with the investigator that the payments Mr J made aren't covered by the CRM Code. This means that I can't consider the provisions of the code, including those that relate to reimbursing victims who are vulnerable. I've gone on to consider Lloyds' wider obligations.

In broad terms, the starting position at law is that a bank such as Lloyds is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.

But that's not the end of the story. Taking into account the law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Lloyds should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – as in practice all banks do.

In this case, I need to decide whether Lloyds acted fairly and reasonably in its dealings with Mr J when he made the payment requests, or whether it should have done more than it did. I have considered the position carefully.

Mr J has provided a lot of chat messages from 2021 to 2024. From these messages it's clear that he has been contacted by people masquerading as various celebrities, by scammers

pretending he had won lottery money and by a party in respect of an investment. There are some notable gaps in the messages though. Between 12 and 24 January 2022 Mr J made significant payments to a cryptocurrency account, including one of £20,000 on 13 January 2022, which he says relate to an investment. I haven't seen any messages which introduce this investment opportunity or discuss the payments that will be made. But I do have later messages about withdrawal and some evidence from cryptocurrency exchanges that cover the period. So, on balance, I think Mr J lost funds to an investment scam.

I think that Lloyds needed to intervene to understand the change in the use of Mr J's account activity some time in December 2021. He started to make payments to identifiable cryptocurrency exchanges from early November 2021 and made regular relatively low value payments from then. Given what Lloyds knew about the prevalence of cryptocurrency related scams, and the payments in from other accounts prior to cryptocurrency related transactions, I think Lloyds ought reasonably to have had concerns.

Mr J went into a Lloyds branch on 12 January 2022 to enquire about making a larger payment (£7,390.44) to a cryptocurrency exchange. He was directed to Lloyds' card fraud team. During this call, Mr J confirmed that he had invested in education over the previous year and learned what cryptocurrency was and how to make money. He said he had traded in cryptocurrency, but the funds didn't always come from his Lloyds account.

The fraud advisor briefly referred to an increase in fraud involving cryptocurrency, the risks involved in trading and the need to do research - but asked very few questions to understand whether Mr J was at risk of financial harm from fraud. And the limited warnings provided didn't go far enough to bring to life the essential features of cryptocurrency related investment scams.

Lloyds blocked Mr J's card after an attempted payment to a cryptocurrency exchange and spoke to him again on 3 March 2022. At this stage Mr J said that he had used the exchange on and off for the last couple of years. When asked whether anyone had asked him to make the payment Mr J said they hadn't, it was just him investing on the platform and he was learning to trade online. He was also asked if he had a cryptocurrency broker or account manager. Mr J confirmed that he didn't, and that he was investing on his own.

The fraud advisor completed some checks in the background and noted that the day before an IP address abroad had been used when a payment was made, which she found to be concerning. There was no explanation for this as Mr J said he made the payment. Mr J was advised to cancel his card and get a new one.

Again, I'm not persuaded the fraud adviser went far enough to satisfy herself Mr J wasn't at risk of financial harm or to give appropriate scam warnings. Mr J was simply told that cryptocurrency is volatile and that there were concerns about the IP address used.

I turn now to consider whether better intervention by Lloyds would have made a difference in this case.

Mr J has explained that he was heavily coached by the scammers and was told what to say if banks intervened when he made payments. I haven't seen any evidence of this in the chats I have read, but, as I said above, not all chats have been provided. But scammers often coach their victims, so it's likely this is what happened here.

Whilst I have concluded that Lloyds should have asked further questions when it intervened, like the investigator, I'm not persuaded that doing so would have made a difference. Mr J didn't answer the questions asked by Lloyds' fraud advisers truthfully. If they had asked further questions, I don't think Mr J would have chosen to change tack and explain the real position, or that he would have heeded additional warnings. Whilst I accept that Lloyds should have been aware that scam victims can be coached to hide the real purpose of their payments, in the face of persuasive responses from Mr J and negative answers to questions

about whether anyone was assisting him, it's hard to see how Lloyds could have uncovered the scam.

Soon after Mr J stopped making payments from his Lloyds account, he fell victim to a further scam when he was told that he had won the lottery but needed to make payments to get access to the funds. Mr J told the scammer that they have taken his money for nothing and that he hoped it wasn't a scam. But he still continued to make payments. Whilst the payments he made to this scam weren't from his Lloyds account, I think they are relevant in showing that despite his concerns, Mr J didn't complete checks and continued to make payments.

There are similar examples during the period Mr J was making payments from his Lloyds account. In February 2022 Mr J referred to catfishing and in March 2022 Mr J said it was all starting to feel like a scam, and he had paid £19,000 for a meeting that hadn't happened and invested nearly £80,000 on a cryptocurrency platform that he didn't know whether he could withdraw from. But he still made more payments.

It's clear from the chat messages that Mr J's family didn't think he was talking to genuine celebrities and that there was bad feeling because of the money Mr J was spending. In February 2022 Mr J told one of the 'celebrities' he was messaging that his wife and children made fun of him when he told them he was contacting the celebrity. In the same month Mr J told a scammer of difficulties he was having with family members. So I think family members expressed concerns but were unable to stop Mr J from making payments to scammers.

I also understand that after reporting that he was the victim of a scam to another bank, Mr J went on to make further payments. I think this gives an indication of how under the spell of the scammers Mr J was.

I don't think Mr J showed any obvious signs of vulnerability during the calls that Lloyds ought reasonably to have picked up on. And, although Mr J has said he had made Lloyds aware that he was vulnerable, Lloyds has confirmed that the first time any need for additional support was recorded was at the end of November 2025, well after the scam transactions were made from Mr J's Lloyds account. This means that Lloyds had no knowledge of any impaired ability to make rational decisions and had no reason to put additional measures in place to protect Mr J.

I appreciate Mr J says another bank has reimbursed him. Whilst this might be the case, it doesn't mean that Lloyds is required to do so. And I must consider the individual facts of Mr J's complaint about Lloyds.

Overall, whilst I recognise Mr J has lost a huge amount of money in cruel scams and the devastating effect this has had on him and his family, I can't fairly require Lloyds to reimburse him.

### **My final decision**

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 10 April 2026.

Jay Hadfield  
**Ombudsman**