

The complaint

Mr S complains that Lloyds Bank Plc didn't do enough to prevent him from losing money to a scam.

Mr S has used a representative to bring his complaint. But, for ease of reading, I'll mostly just refer to Mr S where I also mean his representative.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide an overview of some of the key events here. In 2024, Mr S says he was the victim of a scam. He initially met someone on a dating website, this person later disclosed that they worked in 'trading' and offered to help Mr S make money. Mr S ultimately agreed and says he was required to purchase cryptocurrency which he could then send on and see on his trading 'platform'. As a result of the scam, Mr S says he made the following payments on his Lloyds debit card. The merchant for all the payments was 'B', a cryptocurrency exchange.

Payment Number	Date	Amount
1	1 February 2024	£100
2	2 February 2024	£2,500
3	2 February 2024	£4,998
4	3 February 2024	£200
5	3 February 2024	£4,998
6	4 February 2024	£4,999
7	4 February 2024	£4,000

However, when Mr S was required to make payments to process withdrawals and for certain tax considerations, he realised he'd been the victim of a scam. Mr S later complained to Lloyds that they hadn't done enough to protect him from losing money to a scam.

Lloyds declined to offer any redress, in summary they said the payments weren't unusual and Mr S should've done more to verify his 'investment'. The matter was referred to our service and one of our Investigators recommended it should be upheld. He thought Lloyds ought to have intervened in Mr S' £4,998 payment on 2 February 2024 (Payment Three). And if they had, he thought the scam would've been uncovered. But he, also thought Mr S too should accept some responsibility for his own loss, so he recommended that Lloyds refund 50% of payment three and those that followed it. He also recommended that 8% simple interest be added.

Mr S accepted this outcome, but Lloyds didn't. They maintained that the payments weren't unusual for Mr S and pointed out that he'd been paying the same merchant for quite some time, prior to the scam. They asked for an Ombudsman to make 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.

Having done so, I've reached the same outcome as our Investigator and for largely the same reasons. I'll explain why.

Here, it isn't in dispute that Mr S instructed the payments relevant to this complaint. So the starting point is usually that he is responsible for payments he's made himself. However, Lloyds should also be alert to the possibility of fraud, scams and the misappropriation of funds. And they should fairly do what they can to protect their customers from the same. There will be instances where it's appropriate for Lloyds to take some additional steps to satisfy themselves that their customers aren't at risk of financial harm.

In this case, Lloyds have said that Mr S had been making payments to B since May 2022. They also said (and the statements support) that there had been occasions when more than one payment had been made on a single day. I've taken account of the total history of payments that Mr S made to B (including a larger payment of around £3,600 in October 2022). And I do understand the point Lloyds are making. I acknowledge that there needs to be a level of proportionality in when (and to what extent) to intervene. And I think it's fair and reasonable that a risk-based approach is taken in this regard. I also accept that Lloyds did take some additional steps (to verify many of the payment instructions) through use of their mobile banking app. This would've helped to mitigate the risk of an unauthorised payment but wouldn't have helped to prevent a potential scam.

In the circumstances of this complaint, I still think there was enough going on that it's reasonable to expect Lloyds to have intervened. I say this because the payments were identifiably going to a cryptocurrency exchange. And whilst many similar payments will be genuine, payments to cryptocurrency also feature in a great number of fraud and scams – this is something Lloyds would've been aware of, particularly by 2024. There was also a marked increase in the value being spent, which increased the risk involved (especially when combined with the frequency of the payments). Increasing value and frequency is something that can be indicative of a potential fraud or scam. And by the time Mr S had authorised payment three, this represented over £7,500 to B in a short period of time – this was something he hadn't done previously. So even in the context of his history of spending with B, I still think Lloyds ought to have done more in this particular case.

I likewise agree with our Investigator that had Lloyds taken appropriate steps, including asking relevant questions and sharing how common cryptocurrency scams work, that the scam would've likely been uncovered and further losses stopped. I've seen no evidence to support that Mr S was coached as to how to answer, and I've no reason to doubt he would've truthfully explained the situation as he saw it, that being an investment that he was being helped with by someone he met on a dating website. I think there were enough hallmarks common to scams such that Lloyds would've been able to alert Mr S to the likely probability that he was in the process of being scammed. The scam itself seems to have come to light when Mr S queried the tax payments he was being asked to make directly with HMRC (when attempting a withdrawal), so I think it's likely this would've happened sooner upon appropriate advice / warnings from Lloyds. So, I think it's fair and reasonable that Lloyds can be said to be at fault in relation to payment three onwards. And as Mr S has been without the use of money he otherwise would've had, I think it's fair that 8% simple interest is added to the award I'm making to compensate for this. This should be calculated between the date of loss and the date of settlement.

I've also considered whether Mr S should also assume some responsibility for his own loss due to contributory negligence. I won't labour this point as our Investigator has already set it out in some detail. But Mr S was told that he would make very significant returns (well over 50%) in a matter of seconds from his 'investments'. I agree that even with the volatility of the cryptocurrency market, this should've appeared as 'too good to be true'. And had Mr S done more to question this I think it would've put him on the pathway to discovering that he was being scammed. So, in this particular case, I agree that it's fair and reasonable to make a 50% reduction in award due to contributory negligence.

For completeness, given Mr S' payments all went to cryptocurrency, I don't think anything Lloyds did or didn't do would've impacted whether a recovery could've been made, once they were on notice of the issue.

My final decision

For the reasons outlined above, my final decision is that I uphold this complaint.

Unless they've already done so, Lloyds Bank Plc must pay Mr S 50% of payments three to seven inclusive (as set out above). 8% simple interest should be added and paid to be calculated between the date of loss and the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 October 2025.

Richard Annandale
Ombudsman