

The complaint

Mr H complains that Lloyds Bank Plc won't refund him the money he lost in an investment scam.

Mr H is being represented by a professional representative but for ease of reading I'll just refer to Mr H.

What happened

The circumstances surrounding this complaint are well-known to both parties, so I haven't set them out in detail here. Instead, I've summarised what I consider to be the key points.

Mr H was contacted unexpectedly by a person he didn't know, using a popular messaging application, seemingly in error. They exchanged some messages and struck up a friendship. After a few days of messaging, the person mentioned their success with investments and Mr H asked if they would help him to invest. His new friend gave him details of the investment platform she invested in and advised him to set up a cryptocurrency account, which he would use to send cryptocurrency to the investment platform.

Mr H says he researched the investment platform, which had a name similar to a legitimate cryptocurrency exchange. He couldn't find anything untoward, and everything appeared legitimate, so he decided to invest. He says he was able to make a small withdrawal at first, which gave him further confidence the investment was legitimate. However, after he had made his main investment, through two transactions on 30 November 2024 and 5 December 2024, he was unable to make any further withdrawals and he was told he needed to invest more to release his money. He took out a loan in order to make this further investment. After investing more, he was then told he needed to pay fees and taxes. He queried these requests for tax payments with HMRC, and it was at this point he realised he had been the victim of a scam.

Mr H made the following payments as part of this scam:

Date	Amount	Payment type	Destination
30/11/2024	£20	Faster payment	Own cryptocurrency account
30/11/2024	£2,980	Faster payment	Own cryptocurrency account
05/12/2024	£10,500	Faster payment	Own cryptocurrency account
19/12/2024	£25,000	Faster payment	Own cryptocurrency account
06/01/2025	£900	Faster payment	Own cryptocurrency account

Mr H says Lloyds made the payments without giving appropriate warnings and it missed opportunities to intervene. He considers that when it did intervene, it didn't ask sufficiently probing questions. He says the second payment was suspicious and ought to have prompted intervention from Lloyds, and he is concerned that no further checks were made after payment three.

Lloyds says the new rules relating to authorised push payment scams, which came into

effect on 7 October 2024, don't apply in Mr H's case because he was making payments between two accounts he controlled. It says it intervened and spoke to Mr H on 5 December 2024, to discuss the payments and to warn him about the risks. Lloyds considers the call was in line with industry standards. It says Mr H didn't have a reasonable basis for believing the investment was genuine because he had been contacted about it by a stranger, over social media and he hadn't researched the investment properly.

Our investigator didn't uphold Mr H's complaint. He thought Lloyds had intervened appropriately in payment three, asking reasonable questions and providing appropriate warnings. Mr H hadn't been wholly accurate with the answers he gave Lloyds and while the investigator thought Lloyds ought to have intervened further, in particular in payment four, he didn't think this would have made a difference. This was because Mr H had been willing to give Lloyds inaccurate information and he seems to have been taken-in and under the spell of the scammer. He thought Lloyds had been thorough when intervening in payment three and he didn't think similar intervention in payment four would have yielded different results. He didn't think payment five warranted further investigation, because it was a relatively small payment and was made some weeks after the previous payment. He noted that Mr H had originally complained about some further payments made after 6 January 2025, but during the course of the investigation Mr H agreed that these payments hadn't been funded with his own money but through money sent to him on the scammer's instruction, which he sent onwards. It didn't represent money he had lost.

Mr H didn't accept the investigator's conclusions. He said it was speculative to suggest further intervention wouldn't have worked. His answers, in particular that he was investing on the advice of a long-term friend, ought to have prompted further and better questioning from Lloyds, which knew customers were often coached in how to answer questions from their bank. He also said he had researched the investment properly before deciding to invest.

As Mr H didn't accept the investigator's conclusions, his complaint has been passed to me for an ombudsman's 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.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's accepted by all parties that Mr H authorised the payments and Lloyds made the payments in accordance with Mr H's instructions.

The APP scam reimbursement rules that came into effect on 7 October 2024 don't apply in this case because Mr H was making payments to another account that he controlled.

But the matter doesn't end there. Having taken into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, I think Lloyds ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

Having considered everything, I find that payments one and two, cumulatively, were sufficiently unusual that I would have expected Lloyds to have intervened. They were payments to a well-known cryptocurrency exchange, the combined value was significant and they were made within a short time of each other, on the same day. But even if I have taken a slightly different view to the investigator here, I agree with the overall conclusion that

further intervention is unlikely to have made a material difference to the outcome. I shall explain why.

Lloyds intervened in payment three, which was a payment more than three times larger than the previous transaction and by that point, I consider a pattern of escalating, significant payments to cryptocurrency had emerged, so I think it was right for Lloyds to intervene on that payment (as well as the earlier payment) and I consider human interaction with Mr H, by telephone was reasonable. I've listened to the call between Lloyds and Mr H. I find that Lloyds asked Mr H a series of probing questions, designed to narrow-down the particular risks Mr H might be facing and Lloyds provided appropriate warnings based on the information Mr H gave it. This is what I would have expected Lloyds to do.

Mr H answered a number of questions honestly, including that he was being advised on the investment by a friend. While Mr H says this ought to have prompted further questioning by Lloyds, I consider that Lloyds did probe this issue and asked reasonable questions. When Mr H said he was being advised by a friend, that answer was given in response to one of a series of probing questions. Lloyds asked Mr H if he was being advised by anyone else, who they were and how long they had been known to Mr H. Unfortunately, Mr H didn't answer honestly. He said he was being advised by a friend he had known for a long time. He mentioned years and not being able to recall the precise date. I consider that Lloyds was entitled to accept that answer, having probed this issue. If Mr H had answered that he had met the friend a few days before he started investing and he had met them through unsolicited social media contact, then I consider it likely Lloyds' response if likely to have been different. The copies of messages Mr H exchanged with the scammer don't indicate he had been asked to mislead Lloyds at this point or that he had been coached about how to respond to Lloyds' questions. It appears Mr H misled Lloyds on his own initiative.

Overall, I find that Lloyds' intervention on 5 December 2024 was reasonable and proportionate. It asked probing questions and gave appropriate warnings. The fact that it didn't uncover the scam doesn't necessarily mean Lloyds was at fault.

If a similar intervention had taken place earlier, on 30 November 2024, I don't consider there are good grounds to believe it would have been any more successful in uncovering the scam. The payments took place a few days apart and there appears to have been no significant change in Mr H's circumstances between those dates, so it isn't clear to me that Mr H would have been any more open or receptive if an intervention had taken place earlier.

I agree with the investigator that Lloyds ought to have intervened on 19 December 2024, when Mr H made an even larger payment than he had on 5 December 2024. However, like the investigator, I'm not persuaded it's more likely than not that intervention would have successfully uncovered the scam. While Mr H says this is speculative, it is based on the available evidence, in particular that Lloyds had already spoken to Mr H on 5 December 2024 and had asked probing questions which hadn't uncovered the scam and Mr H had misled Lloyds about receiving advice from a friend he had known for a long time. Mr H had no apparent reason to mislead Lloyds, which makes it difficult for me to conclude he would have been more forthcoming if Lloyds had intervened on 19 December 2024.

Some things had changed which might make it more likely Mr H would have been receptive to an intervention from Lloyds on 19 December 2024 and I have considered these very carefully. Mr H has provided copies of the messages he exchanged with the scammer and these show that on 13 December 2024, Mr H expressed doubts and told the scammer he didn't think he wanted to continue. Having read the messages, this appears to have been due to general discomfort, rather than due to suspicions this might be a scam. On 19 December 2024, after the payment had left his Lloyds account, Mr H told the scammer that things he had read about the investment platform were making him nervous. He didn't

express these concerns until the evening, and it appears he had been had struggling to transfer funds from his cryptocurrency account to the investment account during that day. On 20 December 2024, Mr H said he had read that the investment platform had a bad reputation, and his cryptocurrency exchange was blocking transfers due to suspicious activity. He said he didn't know whether to report it all to his bank. He had not yet sent the funds onwards to the scammer from his cryptocurrency account at that point.

In that context, it's possible a call from Lloyds on 19 December 2024 might have prompted Mr H to be more open about what was going on, for instance that he had been contacted over social media, was being advised by someone he had recently met and had been encouraged to take out a loan to fund the latest payment.

But if Lloyds had called him on 19 December 2024, it isn't clear that Mr H yet had the suspicions he expressed later that day. Even if he did have those suspicions at the time he made the payment from his Lloyds account and if Lloyds had intervened, I'm not persuaded that it could have told Mr H much more than he already knew. For example, if it had told him to research the investment with a view to making sure it was legitimate, it appears Mr H ultimately did that before sending funds on to the scammer. He had doubts about the investment platform, but he proceeded anyway following reassurance from the scammer, who he said, on several occasions, that he completely trusted.

Overall, the evidence doesn't lead me to conclude that it's more likely than not that intervention by Lloyds on 19 December 2024 would have been successful, given the level of trust the evidence suggests Mr H had in the scammer and the fact that he had misled Lloyds in the earlier call.

My final decision

I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 22 December 2025.

Greg Barham
Ombudsman