DRN-5842531

The complaint

Ms Z complains that Lloyds Bank PLC will not refund money she lost to a scam.

Ms Z is represented by a firm, but for ease I have only referred to Ms Z in this decision.

What happened

The details of this complaint are well known to both parties so I won't repeat it all again here.

In summary, between June and December 2023 Ms Z made payments of approximately £50,000 towards what she thought was a genuine cryptocurrency investment.

Ms Z became friendly with someone she met on a social media website and after several weeks he introduced her to the investment. She sent payments to cryptocurrency exchange platforms before eventually sending the funds to the scammer's wallet. However when Ms Z attempted to withdraw from the investment, she was asked to pay additional fees and taxes. She realised it had been a scam when she could not withdraw her funds despite making the additional payments. Ms Z complained to Lloyds but it did not reimburse the money she lost.

Our Investigator didn't think the complaint should be upheld. He said Ms Z still wanted to go ahead with the payments despite being questioned and warned by Lloyds.

Ms Z did not accept the Investigator's opinion, as such the matter has been passed to me to decide.

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 appreciate I've summarised this complaint in less detail than has been provided, but I want to clarify that I've taken into account the detailed submissions from both parties in reaching my decision. However, if there's something I've not mentioned, it isn't because I've ignored it, I haven't. Rather, I've focused on setting out what is key to my decision.

There is no dispute that Ms Z authorised the payments. And in accordance with the Payment Services Regulations (2017) and the terms and conditions of the account, Ms Z is responsible for the loss. However, taking into consideration the relevant regulatory rules and guidance, codes of practice and good industry practice, Lloyds should have looked at the wider circumstances surrounding the transaction before making the payment and taken steps to keep its customer's accounts safe. Therefore, it ought to look out for payments which might indicate that its customer is at risk of financial harm due to fraud.

There are many payments made by customers each day, and it is not reasonable to expect Lloyds to stop and check every payment instruction to try to prevent fraud or financial harm. There's a balance to be struck between the extent it intervenes in payments to protect customers, without unnecessarily disrupting legitimate payment instructions. Although Lloyds ought to have been aware the payments related to the purchase of cryptocurrency, and that

these transactions carry a greater risk of fraud, that does not mean that all payments for this purpose are in fact fraudulent.

Lloyds hasn't shown it intervened in any of the payments Ms Z said related to the scam. Here the payments were made over several months, they were not particularly unusual in value or out of character when considering historic account activity, and there was no identifiable pattern to them to raise suspicions or indicate Ms Z might have fallen victim to a scam. As time passed the payments would have made up part of her typical account usage. So I think it was reasonable for Lloyds to process the payments in-line with Ms Z's instruction to do so.

Having said that, even if it had intervened, I am not persuaded it would have impacted her positively. I say this because, Ms Z was introduced to the investment by someone she thought was a friend, and who she believed had profited from the investment. She had also seen the investment firm's Companies House certificate of registration, and I think this served to convince her of its legitimacy.

Furthermore, Lloyds intervened on 5 July 2023 when Ms Z made a payment for £2,500 to the cryptocurrency exchange. Ms Z has confirmed to our service this payment did not relate to the scam, and the funds were sent to help a relative. When questioned by Lloyds, Ms Z initially stated that she was sending money to a relative but later told staff she wanted to invest in Bitcoin. The agent questioned Ms Z about the conflicting information provided; however she maintained that the payment was for investment purposes. Lloyds warned of the risk of a cryptocurrency investment scam and highlighted common features of these scams.

I think the warning described above ought reasonably to have resonated with Ms Z and caused her to stop as the scam she fell victim to bore many of the features highlighted by the agents she spoke to. Despite the warnings, Ms Z went on to make several payments towards the scam. Considering this, I think she was taken in by the scammers and was determined to invest. As such, I'm not persuaded Lloyds could have prevented the loss even if it had intervened in subsequent payments and provided scam warnings again.

Ms Z says Lloyds should have invoked the banking protocol when it intervened on the 5 July 2023, but I don't agree. She has confirmed that this payment was genuine and the bank does not have a responsibility to protect against legitimate payments. Even if this payment related to the scam as originally stated, I find the questions asked by the agent were proportionate to the risk it posed and I think Ms Z's responses would have alleviated the concerns the bank had at the time. I think it is also important to acknowledge that whether or not this payment related to the scam, Ms Z did not give accurate information when questioned and was at times uncooperative with the agent. Lloyds provided tailored warnings based on the information it was given. Where the bank is provided with inaccurate information, it could potentially prevent it from uncovering a scam.

I have thought carefully about all that's happened here. I understand that Ms Z has been the victim of a cruel scam and lost a significant sum of money, and I sympathise. However, even if I thought Lloyds made errors, and I'm not suggesting it did, I could only uphold this complaint if I thought any error on its part was material to the loss, and I'm not persuaded that is the case here. As such, I cannot fairly or reasonably hold it responsible for the loss Ms Z incurred.

My final decision

For the reasons outlined above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms Z to accept or reject my decision before 3 December 2025.

Oluwatobi Balogun
Ombudsman