

The complaint

G, a limited company complains that Lloyds Bank PLC has unfairly refused to refund money after it fell victim to a scam.

G is represented in its complaint by a director of G, Mr N and by a professional representative.

What happened

Mr N says that a company I will refer to as “C” contacted him after he had seen an investment advertised on a social media site. This led Mr N to invest in a trading platform where G’s investment appeared to grow.

Mr N made the following disputed payments as part of the scam:

	Date	Transaction details	Amount
1	4 July 2023	Faster payment – L	£1,000
2	10 July 2023	Faster payment – L	£1,500
3	24 July 2023	Faster payment – L	£4,000
4	27 July 2023	Faster payment – L	£1,000
5	9 August 2023	Faster payment – L	£1,000
6	29 August 2023	Faster payment – L	£1,000
7	2 October 2023	Faster payment – L	£1,000
		Total	£11,500

Mr N says he realised he had been the victim of a scam when he tried to withdraw money from the investment but was asked to invest an additional sum. At this point, Mr N says he contacted the Financial Conduct Authority (FCA) who confirmed that C wasn’t registered as it had claimed.

Lloyds didn’t agree to refund the transactions. It said that the returns promised by C of between \$100 to \$200 each day were unreasonably high. Lloyds didn’t think the disputed transactions appeared out of the ordinary based on G’s usual account history.

Our investigator didn’t uphold G’s complaint because as far as Lloyds was concerned, the payments were not identifiable cryptocurrency transactions. Instead, G made the payments to a fin tech business. Our investigator said that credits to G’s account with Lloyds of over

£20,000 in June 2023 and £3,700 in July 2023 normalised the activity on the account, meaning that the disputed payments would not have appeared unusual.

Mr N didn't agree with the investigation outcome. In summary he said that neither the initial payment nor the subsequent large payments made to a known cryptocurrency merchant were flagged for review. If Lloyds had issued a warning about the payments, Mr N says this would have prevented G's loss.

As Mr N disagreed with the investigation outcome, the complaint came to me to decide. After considering G's complaint, I was minded to uphold it, so I issued a provisional decision on 15 September 2025 which said:

In deciding what's fair and reasonable in all the circumstances of a complaint, 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 having been good industry practice at the time.

I don't think it is in dispute here that Mr N on behalf of G was taken in by a scam – and while he never intended G's money to end up with a scammer, he authorised the payments on behalf of G – and so G is presumed liable in the first instance.

For completeness, the Contingent Reimbursement Model Code doesn't apply in this case.

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 2017 and the terms and conditions of the customer's account. And I have taken this into account when deciding what's fair and reasonable in this complaint.

That said, as a matter of good practice, Lloyds should have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks like Lloyds need to be alert to fraud and scams and to protect their customers from fraud, but they can't reasonably be involved in every transaction.

Taking into account the law, regulator's 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 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, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud;

- have acted to avoid causing foreseeable harm to customers for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enable it to do so;
- from 31 July 2023, have acted to avoid causing foreseeable harm to customers for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enable it to do so; and
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example, the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers when deciding whether to intervene.

In this case, I need to decide whether Lloyds acted fairly and reasonably in its dealing with Mr N when it authorised the payments from G's account or whether it could and should have done more before processing them.

Should Lloyds have recognised that G was at risk of financial harm from fraud?

This is where I am currently minded to uphold G's complaint and will explain why. Lloyds says that there was nothing to specifically identify the transactions as cryptocurrency related because the fin tech business is not exclusively a crypto platform. But I think this overlooks the fact that although the payments were made to the fin tech business, the payee was listed on G's bank statements as L, which is a crypto asset provider.

My understanding is that L asked G to make payments to it using the account it held with the fin tech business. From looking at G's Lloyds bank statements, the payments can be seen going to L so I don't consider it fair to say that Lloyds was unaware of where the payments were going.

There's a balance to be struck between identifying payments that could potentially be fraudulent – and then responding appropriately to any concerns – and ensuring minimal disruption to legitimate payments. Whilst banks have an obligation to act in their customers' best interests, they can't reasonably be involved in every transaction. To do so would involve significant disruption to legitimate payments.

To Lloyds, all the transactions appeared to be genuinely authorised payments. I don't think it should have been concerned about disputed transactions 1 and 2. Although they were made to an identifiable cryptocurrency merchant, I don't consider the values were high enough to have caused concern for Lloyds.

However, when G made payment 3, it was for £4,000 – considerably higher than the earlier cryptocurrency related transactions. Although a few weeks had passed since payment 2, I think it's arguable that given the value of the transaction, Lloyds should have recognised that G might be at risk of financial harm and have intervened in the payment.

I take Lloyds point that certain transactions had normalised the activity on G's account, making the disputed transactions seem less unusual. But the transactions which Lloyds has pointed to were credits to G's account for services rendered as part of its' business. I don't think this means the identifiable cryptocurrency related transaction of £4,000, with all the known risks associated with cryptocurrency

investment, should not have been flagged for further consideration.

What kind of warning should Lloyds have provided?

Knowing that the payment was going to a cryptocurrency merchant, I would have expected Lloyds to provide a warning (whether automated or in some other form) that was specifically about the risk of cryptocurrency scams. The warning should have addressed the key risks and features of the most common cryptocurrency investment scams, for example by referring to an advertisement in social media, an account manager, broker, or trader acting on their behalf, the use of remote access software and a small initial deposit which quickly increases in value.

I can't be certain what would have happened if Lloyds had intervened in this way, so I need to decide on the balance of probabilities – that is what I consider would more likely have happened if Lloyds had intervened.

I don't have evidence to suggest that Mr N would have ignored a warning from Lloyds. He hasn't, for example, told us that the scammer asked him to lie to Lloyds. Mr N also doesn't seem to have been so taken in by the scam that he would have ignored Lloyds' advice. Once C asked him to make a payment to withdraw his investment, Mr N says he contacted the FCA before proceeding.

From looking at information on the FCA website, although C - with whom Mr N originally thought he was dealing – is regulated, there is a warning about other unregulated businesses using a similar name. It seems likely that if Lloyds had presented a tailored scam warning to Mr N at payment 3, he would have researched things more fully. As the FCA first published the warning about C in March 2023, it is likely that Mr N would have uncovered the scam in July 2023 if he'd been prompted to check by Lloyds warning. This in turn would likely have led Mr N not to continue with payment 3 and the subsequent disputed transactions.

Given all that I have said above, I don't agree that Lloyds is not liable simply because the money was transferred to a cryptocurrency account and the fraud then happened from there.

Should G bear any responsibility for its' losses?

In considering this point, I've taken into account what the law says about contributory negligence, as well as what's fair and reasonable in the circumstances of this complaint.

I recognise that as a layperson with limited to no investment experience, Mr N may have found the scammer's explanation of the investment to be persuasive. But there were other elements about the scam that ought to have caused Mr N to be concerned. For example:

- Whilst Mr N says he looked C up online, including the FCA website, he doesn't appear to have undertaken further research. So, it seems that he decided to invest money on behalf of G based on little research or knowledge of what he was doing.
- The scammer contacted Mr N out of the blue, yet he trusted what he was told about the investment and what actions he needed to take.

So, I think that Mr N on behalf of G, needs to bear a shared responsibility for its' losses here. Balancing Mr N's role in this with the fact that Lloyds didn't intervene, I think 50% is a fair deduction to the amount reimbursed.

Recovery

I can't see that Lloyds could have successfully raised a chargeback on G's behalf as while I accept Mr N was deceived by the scammer, G's transactions with L were separate to this. Mr N instructed the cryptocurrency merchant to use G's funds to buy and then send on cryptocurrency. It fulfilled this request, so G received the services it paid for.

I then set out what Lloyds should do to put things right.

G accepted my provisional decision, and Lloyds didn't respond by the deadline set.

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.

As G accepts my provisional view and Lloyds hasn't raised any objections, I consider it fair to uphold this complaint and make my final decision along the same lines.

Putting things right

To put things right, Lloyds should:

- Refund 50% of the transactions marked 3 to 7 on the table set out above; and
- Pay 8% interest on the refunded transactions from the date of loss to the date of settlement.

My final decision

My final decision is that I uphold this complaint. In full and final settlement, I direct Lloyds Bank PLC to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 28 October 2025.

Gemma Bowen
Ombudsman