

## The complaint

Mr M complains that Lloyds Bank PLC won't refund money he lost when he was a victim of an investment scam.

Mr M is represented by a firm I'll refer to as 'R'.

## What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

Mr M fell victim to an investment scam in 2024. He saw an advert for an investment opportunity on social media with a firm I'll refer to as 'S'. Mr M completed their online form and provided his contact details. S contacted him a few days later and told him they could help him invest his money, explaining that he could roughly triple his returns from a £9,000 investment.

Under the belief S was legitimate, Mr M decided to invest. And he made payments to S from an account he holds with an Electronic Money Institution (EMI) provider (which I'll refer to as 'E'). He funded these payments by transferring about £33,000 from his Lloyds' account to E across 12 transactions between 2 and 19 December 2024.

Mr M realised he'd been scammed when he was asked to pay fees to withdraw his money. R complained, on Mr M's behalf, to Lloyds on 12 March 2025. In short, they said:

- Lloyds failed to identify account activity that was indicative of Mr M being a victim of fraud. And had Lloyds intervened appropriately, the fraud would've been prevented – as they would've identified the hallmarks of a crypto investment scam.
- Before investing, Mr M checked Google and reviewed the scammers' website. He found the scammers professional and knowledgeable, and he was also provided access to a sophisticated and professional trading portal.
- Lloyds should refund Mr M and pay 8% simple interest.

Lloyds rejected the complaint. They said the payments weren't covered by the Payment Systems Regulator (PSR) mandatory reimbursement rules, as they were sent to Mr M's own account. They recommended Mr M contact E.

Mr M's complaint was referred to the Financial Ombudsman. Our Investigator didn't think Lloyds had to do anything further. She didn't think Mr M had evidenced his loss to the scam. But even if it was evidenced, she didn't consider Lloyds would be responsible for it. This is because Lloyds did carry out additional checks before processing some of the payments, but he wasn't honest with his answers – explaining the transfers were to cover the cost of a wedding and its associated expenses, which included travelling to another country to make purchases for it. She also explained that Mr M denied any involvement of a third party or that he was making the payments as part of an investment. So, she didn't think Lloyds would reasonably have been able to uncover the scam – even if they had questioned him further. Our Investigator also didn't think Lloyds could've done anything to recover Mr M's funds.

R disagreed. In short, they've said:

- The account behaviour was abnormal and indicative of multi-stage fraud – as a loan had come in and was sent to E, which was out of character and an identifiable high risk.
- Regardless of Mr M's answers during the intervention calls, there was enough information available at the time that it would've been prudent, reasonable and expected that Lloyds provide a detailed crypto scam warning (including the typical hallmarks of them).
- Only a brief mention of investment scams was made, and the primary warning provided related to a scam type Mr M wasn't facing. A more appropriate, detailed and proportionate warning would've led to Mr M not proceeding with the payments.
- Banks should apply a reasonable degree of scrutiny to their customers' answers. So, they shouldn't just accept answers at face value as they're aware that customers are often coached.
- The answers provided by Mr M made clear something was amiss. For example, Mr M explained he was using his E account as the exchange rate is better, and he was going abroad to shop for the wedding. But when asked about the specific purpose of the payment, Mr M said the wedding was going to be in England. There is not a clear, explained or identifiable reason why Mr M would've answered in this way. And it represented an alarming red flag that ought to have triggered further and more detailed questioning.
- They believe Mr M sounded unsure and lacked confidence in his answers. At several stages, Lloyds asked questions to which they received no response until they asked again several times.
- Further questioning on the inconsistent details would've unravelled Mr M's surface-level cover story and revealed the scam. In coming to this position, they refer to the 'scam chat' which shows limited 'coaching' on what to say to the bank. So, further probing questions about the supposed purpose of the payment would've led to Mr M not being able to sustain his explanation any further than the very basic premise.

Our Investigator considered R's additional points, but her position remained the same. She said firms rely on customers giving accurate information. And here, Mr M had given a plausible answer for the loan and the transfer of funds to E. She also didn't think the wedding venue being in England, and Mr M travelling abroad for wedding purchases was indicative of a scam – as weddings do involve paying various vendors for different reasons. So, she couldn't say Lloyds would've known the funds were being sent to E for investment purposes. And Lloyds did explain investment scams in detail to Mr M and warned him that scammers might tell him he isn't allowed to discuss it with his bank. These warnings were relevant to Mr M's circumstances, but he told Lloyds they didn't apply to him.

R still disagreed with our Investigator, as they considered Lloyds failed to identify inconsistencies in Mr M's answers – particularly regarding sending funds for the wedding venue location, while also saying he needed to use the E account because the exchange rates were better. This made no sense, and Lloyds should've probed further as it indicated Mr M had been provided a cover story. And they considered Mr M wouldn't have been able to maintain a consistent, plausible or convincing cover story under further probing questioning.

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'm sorry that Mr M has been the victim of an investment scam. But I must consider whether Lloyds is responsible for the loss he claims to have suffered. At which point, I understand that R has explained S set up the trading platform account. So, he is unable to provide the statements for the trading account. Because of this, I cannot be certain what happened to the funds after they left Mr M's E account. Regardless of this though, even if I were to accept Mr M has suffered the alleged losses, for similar reasons as our Investigator, I don't think Lloyds would be responsible for it. Because of this, I don't think Lloyds acted unfairly by not refunding the payments. I'll explain why.

Before I do, I want to reassure Mr M that I've considered everything R has submitted in support of his complaint. And so, while I've summarised this complaint in far less detail than what has been provided, I want to stress that no discourtesy is intended by this. If there is a submission I've not addressed; it isn't because I have ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether Lloyds is responsible for Mr M's loss.

In broad terms, the starting position in law is that a bank is expected to process payments that their customer authorises them to make. It isn't disputed that Mr M authorised the payments from his Lloyds account. Therefore, under the Payment Services Regulations and the terms of his account, Lloyds are expected to process Mr M's payments, and he is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Lloyds to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

I need to decide if Lloyds acted fairly and reasonably in their dealings with Mr M when he made the payments. Specifically, whether they should've done more than they did before processing them – and if they had, would that have made a difference.

Here, Lloyds carried out additional checks before processing several transactions - £10 and £5,500 on 18 December 2024, and £9,000 on 19 December 2024. I understand R considers Lloyds should've carried out additional checks before processing the £7,500 transaction made on 17 December 2024. Although the £7,500 transaction was more than Mr M typically used his account for, I don't think it was unusual or suspicious enough for Lloyds to have considered Mr M was at a heightened risk of fraud at that point. This is because, while Lloyds should be on the lookout for multistage fraud, it's common for customers to make higher value transactions occasionally. And here, I think Lloyds would've been understandably reassured by the £7,500 going to Mr M's own account that he held with an FCA regulated firm.

I have however considered whether Lloyd's interventions with the three aforementioned payments were sufficient – and proportionate to the risk they presented. Lloyds has only been able to provide their telephone conversation with Mr M relating to the £9,000 payment on 19 December 2024. Having considered Lloyds' internal records for the prior two transactions, it seems Mr M's answers regarding why he was making them was consistent with what he explained for the £9,000 payment. I'll therefore focus mostly on this telephone conversation (as I've no reason to believe the earlier discussions would've gone any differently).

Having carefully considered this telephone conversation, I think it was proportionate to the risks associated with the £9,000 payment and those made before it. And I don't think Lloyds

missed an opportunity to uncover the scam or prevent Mr M's loss. This is because:

- I wouldn't expect Lloyds to interrogate their customers about payments they're making. Instead, Lloyds should take steps to better understand the surrounding circumstances of a payment(s), proportionate to the risk it presents, so to allow them to establish if there is a risk of it being made as part of fraud or a scam. And here, I think Lloyds did this by asking Mr M open and closed ended questions appropriately.
- There is an expectation that customers answer questions from their bank openly and honestly. Unfortunately, and while I appreciate this was due to manipulation of S, Mr M didn't do that. This is because he confirmed:
  - The payment(s) was for a wedding (which is also why he took out the loan).
  - Nobody was telling him he had to make the payment.
  - Nobody had told him to lie to the bank or give a different reason for making the payment.
- Lloyds should look for inconsistencies or signs in their customers' responses to questioning that could potentially indicate they're being influenced by a third party to provide misleading and inaccurate information. I'm satisfied Lloyds did that here. This is because, as part of their questioning as to why Mr M was making multiple payments instead of a single large payment, Mr M said he wasn't expecting to pay more than the previous one. Lloyds appropriately questioned the unexpectedness of further payments and what had changed (which I would've expected as unexpected additional payments can be a potential indicator of a scam). Mr M however explained that the previous payments were for the wedding venue, whereas he was now making further payments for the equipment and DJ. And that he was intending to drive abroad to purchase items as it's cheaper there and E provides good exchange rates. I consider this response was plausible, and so it would've reassured Lloyds that Mr M was making the £9,000 payment for legitimate purposes.
- I disagree with R that Mr M explaining he was using his E account to make purchases abroad for the wedding when the venue was in England represented an alarming red flag. I think this is plausible as not all wedding purchases need to be sourced from the location of the venue.
- I acknowledge there were some pauses in Mr M's responses to questioning. But I don't think Mr M came across as sounding unsure or that he lacked confidence in his responses. Instead, I think there were some language barriers at times. And Mr M, while able to converse in English, required some assistance to ensure he understood what he was being asked, and the warnings Lloyds were providing. So, I don't think Lloyds had enough reason to suspect Mr M was being coached by a scammer from how he interacted with them.
- Lloyds provided Mr M with a warning relating to investment scams that was clear and specifically relevant to Mr M's situation. They said:

*"we see a lot of our customers who are contacted by scammers pretending to be investors. Sometimes they'll say they're brokers or financial advisors. They will usually ask our customers to move money into a separate account that they can invest from and then usually from there it would go to you know, crypto trading platforms or other investment platforms that our customers don't control. But they will always say that you cannot speak to us about this over the phone because it would, we would not approve of the investment. So, has anybody asked you to pay this to fund any investment or money-making opportunity?"*

Despite Lloyds' explanation of the type of scam Mr M was falling victim to, Mr M confirmed 'no' in response to this. And so, I think this would've reassured Lloyds that Mr M wasn't at risk of falling victim to an investment scam.

- Lloyds then later warned Mr M that *“if anyone is ever asking you to pay this into an account so that you can receive a profit in return, this will be a scam, OK?”* Mr M acknowledged this. And he subsequently confirmed, to release the payment, that he was *“happy this is genuine, being made on your [his] instructions and not under the influence of anybody else”*.

From this, I think Lloyds took appropriate steps to highlight to Mr M that, if he was being asked to make the payment to receive a profit in return, he was being scammed. And again, Mr M reiterated that a third-party wasn't telling him to make the payment.

- I disagree that further questioning would've led to Mr M's cover story being unravelled, thereby exposing the scam. This is because Mr M did withstand probing from Lloyds and he was able to provide plausible reasoning – such as why he was making multiple payments and what there were for. And due to the plausibility of the funds being used for the purpose of a wedding, I think it would've been relatively easy for Mr M to have maintained such a cover story under further questioning.

Considering all of this, I think it was reasonable for Lloyds to consider Mr M was making the £9,000 payment for legitimate purposes. I think they took proportionate steps to warn Mr M about the types of scams they see – including investment scams, which was relevant to his situation. And that they sought to obtain confirmation of the purpose of the payment and that there wasn't a third-party involved. Sadly, due to Mr M providing inaccurate information, Lloyds were prevented from knowing the true circumstances of why he was making the £9,000 payment. Consequently, I don't think Lloyds could've reasonably uncovered the scam or deterred Mr M from making the payments. It follows that, while I'm sympathetic to the loss Mr M has suffered, I don't think Lloyds is responsible for it.

I've considered whether, on being alerted to the scam, Lloyds could've done anything more to recover Mr M's losses, but I don't think they could. Lloyds could only seek to recover the funds from E, but these had already been forwarded on as part of the scam. And even if funds did remain, they would've been accessible to Mr M.

I know Mr M will be disappointed by this outcome. But it would only be fair for me to direct Lloyds to refund his loss if I thought they were responsible – and I'm not persuaded that this is the case. For the above reasons, I think Lloyds has acted fairly and so I'm not going to tell them to do anything further.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 11 December 2025.

Daniel O'Dell  
**Ombudsman**