

The complaint

Mr B has complained, via a representative, that Lloyds Bank PLC (“Lloyds”) failed to refund the money he lost as part of an investment scam.

What happened

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In summary though, Mr B was messaged by a scammer and after some time he struck up a friendship with this person. The scammer persuaded Mr B to invest in a scam investment firm that I will call C.

Mr B then made a number of payments to C from two of his current account providers and a credit card provider. These funds originated, for the most part, from his Lloyds account. Over 40 payments were made from Lloyds totalling over £200,000 between November 2023 and May 2024. These payments were transfers to his other two current account providers. These funds were then sent, via a crypto exchange, to C.

Mr B realised he had been scammed when he was unable to withdraw his “profits” from C without paying additional fees. Mr B asked Lloyds to refund the transactions he made from his account, as he believes Lloyds should have done more to prevent him from being scammed in the first place. Lloyds did not agree with this.

One of our investigators looked into this matter and she thought that any intervention from Lloyds would not have stopped the scam. She said this because Lloyds did intervene on a number of occasions and Mr B misled Lloyds as to what he was doing to prevent the transactions from being blocked. She therefore did not uphold this complaint.

Mr B did not agree with this and therefore his complaint has been passed to me to issue 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 agree with the conclusions reached by the investigator for the following reasons.

In deciding what’s fair and reasonable, I am required to take into account relevant law and regulations, regulators’ rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, on what I consider is more likely to have (or would have) happened, in light of the available evidence and the wider circumstances.

In broad terms, the starting position is that Lloyds is expected to process payments and withdrawals that a customer authorises it to make. This should be in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.

However, taking into account relevant law, regulatory rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that Lloyds should:

- 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 firms are generally more familiar with than the average customer;
- 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, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Lloyds sometimes does); 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.

Firstly, I should explain that Lloyds and one of Mr B's other account providers are essentially part of the same banking group. So when I say Lloyds intervened and called Mr B the interventions came from a shared fraud team for both banks.

In my view, Lloyds should have considered the third payment that was part of the scam as unusual. It was for £5,000, which was significantly larger than the payments that Mr B usually made, and represented two payments made in one day. I can see that Lloyds did not intervene around the time of this payment and only intervened later on in the scam. Having listened to those calls though and taking everything into consideration, I don't think any proportionate level of intervention would have stopped the scam. Let me explain why.

Mr B seems to have been aware that, if he gave accurate answers as to what he was doing, his payments might be stopped. I say this because during the interventions that did occur, he actively misled both Lloyds and one of his other account providers. Some examples of this are Mr B saying that the recent loan he took out was for home improvements, when actually it was for an investment. He confirmed that he was making the payments on his own, when he was being advised by a third party. He also said one of the payments was to send funds to his daughter and that nobody had promised him large returns, again, both of these points are not the case. Finally, he confirmed that the funds that he was sending to the crypto exchange would not be forwarded on from the crypto exchange. This was also untrue as the reason why Mr B was sending his money to the crypto exchange was so that he could send the money on to C.

I also note that Mr B was warned on a number of occasions, both by Lloyds and one of his other current account providers, that what he was doing had signs of a scam. They both provided warnings setting out some of the features of crypto scams and despite all of this, Mr B still chose to send the money onto C.

Ultimately, Lloyds was only required to take proportionate steps to try and protect Mr B from financial harm. I'm not persuaded he would've shared anything concerning with Lloyds, even if it had questioned him more about what he was doing earlier on in the scam. So overall, I don't think that Lloyds could have uncovered or prevented the scam.

I've also thought about whether Lloyds could have done more to recover the funds after Mr B reported the fraud.

Lloyds are under no obligation to refund the money under the Contingent Reimbursement Model (CRM) Code. This is because the funds were sent to accounts that Mr B controlled. I also note that Lloyds could not have recovered those funds from the accounts they'd been sent to, as the funds had already been sent to the scammer, before Mr B had realised he'd been scammed.

I appreciate this will likely come as a disappointment to Mr B, and I'm sorry to hear he has been the victim of a cruel scam. However, whilst I have a great deal of sympathy for the situation that Mr B found himself in, I'm not persuaded that Lloyds can fairly or reasonably be held liable for his loss in these circumstances.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 14 November 2025.

Charlie Newton
Ombudsman