DRN-5893681

Financial Ombudsman Service

The complaint

Mr M complains that Lloyds Bank PLC ("Lloyds"), have failed to refund money that he lost as part of an investment scam.

What happened

A friend of Mr M introduced him to a crypto firm that turned out to be scammers. I will call this firm C. Mr M was persuaded to make a number of payments from his Lloyds account to three crypto exchanges. The funds were then converted into crypto and were then sent to C.

Mr M made around 25 payments from his Lloyds account that went via crypto exchanges to C. These were a mixture of card payments and transfers. The transactions took place between March and May 2023 and totalled over £15,000.

Mr M then tried to withdraw the "profits" that he had made and when he was unable to do so, he realised he had been scammed.

Mr M raised a complaint with Lloyds, as he believed that it should have stopped him from making the payments in question.

One of our investigators looked into this matter and they did not uphold this complaint. They believed that Mr M had not sufficiently demonstrated his loss. They also concluded that, given the size and pattern of payments, they didn't think there was anything that necessarily meant that Lloyds ought to have intervened in Mr M using his account.

Mr M did not agree with these conclusions. So his complaint has been passed to me to issue a final 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 broad terms, the starting position is that Lloyds is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.

But, taking into account relevant law, regulators' 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;

- 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 including in relation to card payments);

- 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 instance, I am not upholding this complaint for a number of reasons.

Firstly, I don't think that the payments were sufficiently unusual to have prompted an intervention from Lloyds. I note that a large payment of £3,450.16 was made on 11 April 2023 to a crypto exchange and usually this would prompt an intervention. But Mr M had made a number of large payments in the past, so it was not particularly out of character for how Mr M had used his account previously. Also, by the time that this payment was made, Mr M had made many payments to crypto exchanges without any apparent issue.

That said, it could be argued that Lloyds should have provided a warning setting out the general features of crypto scams at this point – given that there were repeated payments being made to what was clearly a crypto linked payee.

So for the sake of completeness, I have considered whether this would have stopped the scam. But I don't think that it would have. I say this because Mr M had been introduced to the scam by someone he thought of as a friend and the scam was not a typical crypto scam, in that it was not fronted by a deep fake celebrity and there was no remote access involved. So I don't think that a warning would have resonated with Mr M. Therefore, I don't think it likely that a general warning would have stopped the scam.

I am also mindful that when one of his other account providers did intervene and asked questions about a payment, Mr M said that there was no third-party involvement as well. So this suggest that even if Lloyds had intervened, it is unlikely that it would have stopped Mr M from continuing to make the payments or would've Lloyds would have been able to uncover the scam.

In addition to the above reasons, I am also not satisfied that Mr M has sufficiently evidenced that he suffered a loss. The scam chats provided are very limited and it is difficult to match up the amount Mr M says he lost with the payments that went from his crypto accounts. I am also mindful that there is a real lack of detail about the scam itself and the timeline of exactly what happened.

Mr M has also said in his submissions that he realised he had been scammed when one of the crypto exchanges shut his account. But as the investigator highlighted, this seems to have been midway through the scam. I note that Mr M's representative has explained that it was actually the closure of a different crypto exchange account that prompted Mr M to realise he had been scammed. That said both closure letters seem to contain similar wording so it would seem strange that one letter would have made him aware that he had been scammed and the other did not. But even had it been the second letter, there still seems one payment made to the scammer after this date which suggests that Mr M didn't think it was a scam and he was clearly still under the spell of the scammer even up until that point.

Mr M also said that "I have tried to resolve it, but I could not resolve it and unfortunately I lost more and more for different reasons." This suggests that there may have been a series of scams which we do not have evidence for either.

So taking everything into consideration, I do not feel that there is enough to say that Lloyds should have intervened. Also, even if I thought that Lloyds should have intervened, I don't think it's likely that the scam would have been stopped. And finally, I don't think that the loss that Mr M says he has suffered has been sufficiently evidenced. So given all of this, I cannot uphold this complaint.

I've also thought about whether Lloyds did enough to attempt to recover the money Mr M lost. In this instance the transfers would not be covered by the Contingent Reimbursement Model ("CRM") as the payments were made to an account in his own name. I have not seen enough to say that a chargeback would likely have been successful either. So overall, I don't think that Lloyds could have recovered any of the funds.

I appreciate this will likely come as a disappointment to Mr M. However, I'm not persuaded that Lloyds can fairly or reasonably be held liable for the losses that he says he experienced in these circumstances.

My final decision

My final decision is that 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 2 December 2025.

Charlie Newton
Ombudsman