

The complaint

Mr G has complained about the actions of Lloyds Bank PLC (Lloyds) after he fell victim to a scam

What happened

Mr G has said he saw an advert for an investment opportunity and clicked on the link which took him to the website. He was advised by the scammer to open accounts with other institutions as Lloyds was not compatible with cryptocurrencies.

Mr G has said he was assisted by the scammer in creating an account with a clone platform and given an account manager who turned out to be the scammer. Mr G has said he was coerced into using his ISA and taking out several loans to fund the withdrawal, taxes and fees requested by the scammer.

When he requested to withdraw his funds he received no communication from the scammer, so he contacted the legitimate trading platform website who confirmed he didn't have an account with them, and he had been scammed.

Mr G referred his complaint to Lloyds who said The Contingent Reimbursement Model (CRM) Code does not apply as it was made to an account in his own name. However, it agreed as outlined in its final response to write off the Lloyds loan of £25,000, refund the payments he made to the loan including interest, and adjusted Mr G's credit file to remove the existence of the loan.

Mr G didn't agree and referred his complaint to our service. Our investigator looked into his complaint but didn't recommend it be upheld, to summarise the investigator agreed Lloyds ought to have intervened but any intervention carried out by Lloyds wouldn't have made a difference due to Mr G being under the spell of the scammer and providing inaccurate information when other institutions carried out interventions. Mr G didn't agree and asked for the complaint to be passed to me to consider.

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 investigator's findings for broadly the same reasons, I will explain why.

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 G knowingly made the payments from his account and so, I'm satisfied he authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of his account, Lloyds are expected to process Mr G's requests, 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.

The question then arises whether Lloyds ought reasonably to have held such suspicions or concerns in relation to Mr G's payments - and if so, what might've been expected from a proportionate intervention at that time.

So, taking all of this into account, I need to decide if Lloyds acted fairly and reasonably in their dealings with Mr G 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. I also need to decide if Lloyds could've reasonably recovered the lost funds.

Having considered the size of the payments, where they were going to and what Lloyds would've reasonably known of them at the time, and comparing Mr G's previous expenditure on his account, I'm satisfied that the first payment Lloyds should've intervened on, or had been concerned about, was payment one (£10,000) which was sent on 5 June 2024. I say this because it was a big increase in value compared to previous payments and while it was going to another with a separate bank (which I will refer to as C) in Mr G's own name I think there was enough about this payment which was unusual and uncharacteristic which ought to have been concerning such that Lloyds should have intervened.

As such, I have gone on to consider what a proportionate intervention would have been. The FCA's Consumer Duty, which was in force at the time these payments were made, requires firms to act to deliver good outcomes for consumers including acting to avoid foreseeable harm. In practice this includes maintaining adequate systems to detect and prevent scams and to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers. As such, firms, have developed warnings to recognise both the importance of identifying the specific scam risk in a payment journey and of ensuring that consumers interact with the warning.

In light of the above, by June 2024, when this payments took place, Lloyds should have had systems in place to identify, as far as possible, the actual scam that might be taking place for example by asking a series of automated questions designed to narrow down the type of scam risk associated with the payment he was making – have provided a scam warning tailored to the likely scam Mr G was at risk from. I accept that any such system relies on the accuracy of any information provided by the customer and cannot reasonably cover off every circumstance.

However, even if Lloyds had asked a series of automated questions, as I have highlighted above (which I deem to have been a proportionate intervention at that time), I am satisfied it wouldn't have prevented the loss from occurring. In this case, while Mr G was falling victim to an 'investment scam', I am satisfied its unlikely Lloyds would have been unaware of this, as Mr G was transferring money to another bank account in his own name. Having considered an intervention completed by another institution (which I will refer to as R) which was similar to the intervention I have explained would have been proportionate, I am satisfied it is likely Mr G would have said the purpose for his payment was to send money to his other account. And having considered how Mr G answered the question R asked, during that intervention, I am satisfied he wouldn't have divulged the true intention of the transfer as he was unaware of the importance of ensuring the information he provided was accurate. And because of this, the warning Lloyds would have provided would have the typical features of the scam type it had identified based on his answer. I am persuaded, on balance, it is likely it would have been a safe account warning, which wouldn't have resonated with Mr G. As such, I am satisfied it wouldn't have prevented the loss occurring at this point.

On 13 June 2024 Mr G made a payment of £24,500, from his Lloyds account to his bank account he held with C. There was no intervention from Lloyds. I am satisfied this payment warranted intervention from Lloyds. It was an increasing value, and increased account activity which ought to have been considered and usual or uncharacteristic. Again, I have considered what I think would have been a proportionate intervention from Lloyds, if it had intervened. In doing so, I am satisfied human intervention would have been proportionate, I would have expected Lloyds to ask open and probing questions to gather information from Mr G to establish the potential risk (if any) Mr G faced and provide the appropriate warnings. However, having considered what is likely to have happened, if Lloyds had intervened in this way, I am satisfied it wouldn't have unveiled the scam. I say this because, having reviewed the scam chat, it is evident Mr G was being heavily guided by the scammer. On 12 June 2024 (a day before this transaction was made) R intervened on a payment Mr G attempted to make. During this time, Mr G was referring the questions R was asking to the scammer, seeking guidance on how to answer the questions. Therefore, this not only shows Mr G was under the spell of the scammer, trusted the scammer over R but also demonstrated Mr G was comfortable not providing accurate information to R. Therefore, Mr G had already been provided with a cover story prior to the payment he made from his Lloyds account on 13 June 2024.

Mr G's representative has said that with open and probing questions it feels Lloyds ought to have uncovered the scam. And while it's difficult to say with any certainty what is likely to have occurred, on balance, I am satisfied it is unlikely it would have. Having reviewed the scam chat, and how many questions were referred to scammer, and how often the scammer and Mr G spoke on the phone, I am satisfied Mr G was being heavily coached. In Mr G's own words, he has said:

"I was totally under the influence of the scammer and went along with everything he said. At this point I was laying out greater sums of money and went along with his instructions in the hope of recouping outlays."

And having considered the multiple inaccurate responses Mr G provided other institutions during its interventions, the coaching from the scammer and Mr G's trust in the scammer over the banks/institutions involved (due to him hoping to recoup his funds) I am satisfied it is unlikely Lloyds would have unveiled the scam. Therefore, I am persuaded it wouldn't have resulted in a different outcome for Mr G.

I have gone on to consider if Lloyds took reasonable steps to try and recover the funds once it was made aware. Mr G didn't make the payments to the scammer directly; he transferred his funds to accounts in his own name. If these funds had not already been transferred to the scammer by Mr G they would be in his control to access as and when he chose. Lloyds would not have been able to attempt to retrieve the funds from the scammer directly as that is not where the funds were originally sent to. So, it follows that I won't be asking Lloyds to do anything further.

I note that Mr G has said that he wants compensation for the distress and inconvenience caused. Whilst I don't dispute Mr G would have felt distressed and inconvenienced by the scam he fell victim to, I haven't seen any evidence to persuade me that Lloyds should pay Mr G compensation as a result.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 23 December 2025.

Jade Rowe
Ombudsman