

The complaint

Mr B complains that Lloyds Bank PLC has declined to reimburse payments he made as part of an investment scam.

What happened

Mr B made an enquiry with a company after seeing an advert online and was called by a representative he now believes was a scammer. Mr B was convinced to send money to a cryptocurrency wallet on the understanding it would be connected to the scammer's wallet so that profits could easily be provided to him.

Mr B made two payments to his own cryptocurrency wallet: £1,700 on 1 October 2024 and £6,250 on 3 October 2024. He realised this was a scam when they wouldn't return his funds and asked for more money.

Lloyds declined to provide a refund on the basis that the payments weren't covered by the CRM code (contingent reimbursement model) because they were made to Mr B's own cryptocurrency account.

When Mr B complained to our service via a professional representative, Lloyds added that it didn't think Mr B had done enough to protect himself such as by carrying out checks on who he was dealing with, the company or the actual investment. It said it had provided Mr B with an investment warning when he made the first payment and there was a confirmation of payee match to show he was paying an account in his own name. Lloyds also said that the payment wasn't out of character for Mr B's account as he'd made other large transfers in the months leading up to the disputed payments.

The investigator didn't uphold the complaint; in summary they didn't think Lloyds had done anything wrong in processing the payments Mr B authorised at the time or that it could reasonably have been expected to prevent Mr B's loss.

Mr B didn't agree, his representative said that Lloyds should have done more to identify the risk associated with the payments as it was aware of multistage scams and the pattern of increasing amounts to a cryptocurrency wallet fit that profile. They said Lloyds had failed in its obligation to identify and prevent foreseeable harm.

I issued a provisional decision on 5 November 2025 explaining that I didn't intend on upholding the complaint for different reasons. Lloyds accepted my provisional decision. Mr B's professional representative confirmed they received the decision, and additional time was provided but a response hasn't been received 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.

Having done so, I'm not upholding this complaint. I'll explain why.

It's common ground that Mr B authorised the payments as part of an investment scam. In broad terms, the starting position at law is that a payment service provider 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. But, taking into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, Lloyds ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances

Here Lloyds received a positive confirmation of payee match when Mr B made the first payment. It also asked Mr B for the payment purpose, and he selected "*investment or fund*". It provided him with the following warning:

Mr B "*make sure this investment is real. Deals that look too good can be scams. Do lots of research - good deals don't find you. See what your friends and family think. Use the FCA to check an advisor or company. Find out how to stay safe from scams on our Fraud Hub*"

I have reviewed Mr B's account statements. Having considered when the first disputed payment was made, its value and who it was made to, I'm not persuaded Lloyds' ought to have done more than it did. This was more than I'd have expected it to do and so I don't think it needed to make further enquiries of Mr B before processing it. But when Mr B made the second payment for £6,250 two days later, I think Lloyds' ought to have done more for the following reasons:

- I consider that it was identifiable to Lloyds at the time that the disputed payment was being made to a cryptocurrency provider. This is because Lloyds was aware of the sort code that belonged to a clearing bank for a well-known cryptocurrency platform. This is publicly available information on the cryptocurrency provider's website. In addition to this, a sort code check shows a company that the FCA database confirms is linked to the same cryptocurrency provider. It's also likely that Lloyds will have made a significant number of payments to this sort code and by October 2024 have likely had several customers report that they were sending money to a cryptocurrency platform as part of a scam.
- Taking into account the value of the payment and that was identifiably to a cryptocurrency provider, I think it would have been proportionate for Lloyds to provide Mr B with a tailored written warning that was specific to cryptocurrency investment scams. Including common factors to these scams that were well-known to Lloyds by October 2024.
- I think this would be proportionate rather than a more in-depth intervention. This is because while I appreciate this was the second payment to the account in two days, I don't think that yet formed a pattern. And the value of the payments was not unusual for the account.

I've thought carefully about whether a specific warning covering off the key features of cryptocurrency investment scams would have likely prevented Mr B's loss from payment two. And on the balance of probabilities, I don't think it would have. I'll explain why.

I've considered the warning Lloyds did provide Mr B with at payment one, and how he responded to that. While the warning didn't set out as much detail about cryptocurrency scams as I consider it would have been good practice to do, it did raise the prospect of the payment being made in relation to a scam. It prompted Mr B to think about whether the deal was too good to be true and advised him to undertake research, and to use the FCA to check any adviser or company.

Mr B says he initially undertook research, but when our service asked him what he did he said he was *“added into a group chat he was monitoring this chat to see if it was genuine but now believe that they were all part of the scam to make it all believable”*. So, Mr B doesn't appear to have independently researched the company, adviser, or investment. Including after he was presented with a warning advising him to do so. This would suggest that Mr B didn't engage with the warning.

I've considered whether a more specific warning would likely have resonated with Mr B. While there were some hallmarks of common cryptocurrency investment scams present in the circumstances of Mr B's payments, such as finding the investment through an advertisement and being guided through the purchases, I'm not aware that other key features were present such as being asked to provide remote access, and so if these features had been included it's unlikely they would have resonated with Mr B.

So, I think it's likely that if Mr B had received a tailored written warning at payment two, he likely wouldn't have engaged with it. And that he was reassured by the success of others in the group chat.

On balance, I'm not persuaded that Lloyds could reasonably have prevented Mr B's loss in the circumstances.

Could Lloyds have done anything else to recover Mr B's money?

As the payments were faster payments, Lloyds could only have sought to recover funds that remained in the account the payments had been made to. The premise of this complaint is that Mr B sent money to his own cryptocurrency account before it was then moved on to the scammers and no longer in his control.

While Mr B hasn't provided evidence of his cryptocurrency account statements. I don't think it's likely that there would have been any funds available for Lloyds to recover. And if there were, then Mr B should still have access to these.

My final decision

For the reasons explained, I don't 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 5 January 2026.

Stephanie Mitchell
Ombudsman