

The complaint

Mr N complains Lloyds Bank PLC (“Lloyds”) hasn’t refunded funds he said he lost as the result of a scam.

What happened

Both parties are familiar with the circumstances of the complaint, so I’ll only summarise the key details here.

Mr N said he received an email regarding an investment opportunity, he researched the company and didn’t find any negative reviews or warnings. Mr N explained the investment was in cryptocurrency and he was promised high returns. He made payments from his account with Lloyds between July 2021 and May 2022. Mr N said he received some returns, but they were not as high as was promised. He said the returns stopped and even after speaking with senior management he couldn’t withdraw funds from his cryptocurrency wallet. Mr N was concerned by this and found a warning from the Financial Conduct Authority noting it believed the firm was providing financial services or products in the UK without it’s authorisation.

Believing he had been scammed Mr N complained to Lloyds, and his complaint wasn’t upheld. Unhappy with Lloyds’s response, Mr N raised the matter with the Financial Ombudsman Service. One of our Investigators looked into the complaint and didn’t uphold it.

As an agreement could not be reached, the complaint has been passed to me for 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.

To consider if Lloyds’s actions, or inactions, led to Mr N suffering a loss as the result of a scam, I need to be satisfied that Mr N has been the victim of, and lost funds as the result of a scam. The evidence Mr N has provided supports he purchased cryptocurrency but what I’ve seen isn’t enough to satisfy me he’d lost funds due to a scam. I don’t believe I need to make a finding on whether Mr N has been the victim of a scam and lost funds as a result, as it doesn’t make a difference to the outcome.

I’m aware that I’ve summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I’ve focused on what I think is the heart of the matter here. If there’s something I’ve not mentioned, it isn’t because I’ve ignored it. I’m satisfied I don’t need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I’m sorry that Mr N has lost a significant sum of money, and I don’t underestimate the impact this has had on him. However, it would only be fair for me to tell Lloyds to reimburse Mr N for

his loss (or a portion of it) if I thought Lloyds ought reasonably to have prevented all, or some, of the payments Mr N made, or if I believed Lloyds hindered the recovery of the payments Mr N made – whilst ultimately being satisfied that such an outcome was fair and reasonable for me to reach.

In broad terms, the starting position at law is Lloyds are expected to process payments and withdrawals that a customer authorises it to make. I appreciate that Mr N didn't intend for his money to end up in the hands of a scammer but as he authorised the payments in question here under the Payment Services Regulations 2017 (PSR 2017) he is presumed liable for the loss in the first instance. However, there are some situations when Lloyds should have had a closer look at the wider circumstances surrounding a transaction before allowing it to be made.

Considering the relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time - Lloyds should fairly and reasonably:

- Have been monitoring accounts 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 payment service providers are generally more familiar with than the average customer.
- In some circumstances, take additional steps, or make additional checks, before processing a payment, or in some cases decline it altogether, to help protect customers from the possibility of financial harm from fraud.
- 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.

So, I've thought about whether the transactions should have highlighted to Lloyds that Mr N might be at a heightened risk of financial harm from fraud.

When considering the payments individually and in combination I don't think they ought to have concerned Lloyds or suggested that Mr N was at potential risk of financial harm from fraud. I've reviewed his account statements and can see he made other payments for similar values in the months prior to the disputed transactions and so I think the values of the payments are in keeping with how he generally used his account. Although the payments were going to a legitimate cryptocurrency provider that isn't enough for me to say that Lloyds ought to have been suspicious such that it should have intervened when these payments were made in 2021 and 2022. Additionally, the payments were sufficiently spaced out over many months, and I don't believe a fraud pattern emerged. So, I don't think the payments were suspicious in nature to suggest to Lloyds that Mr N was at a heightened risk of financial harm from fraud. I therefore don't think it was unreasonable for Lloyds to process the payments in-line with his payment instructions.

I've thought about whether there's anything else Lloyds could have done to help Mr N — including if it took the steps it should have once he reported that he believed he had been scammed.

Given the time between the payments being made and Mr N contacting Lloyds, I don't think there was any chance of successful recovery of his funds.

I also considered the Contingent Reimbursement Model which Lloyds is a voluntary signatory of. The code doesn't cover payments made to an account in a customer's own name or cryptocurrency purchases and so it isn't relevant here.

I'm sorry to disappoint Mr N further, but I've thought carefully about everything that has happened, and with all the circumstances of this complaint in mind I don't think Lloyds needs to refund his money or pay any compensation. I realise this means he's out of pocket and I'm really sorry he's lost this money. However, for the reasons I've explained, I don't think I can reasonably uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 12 January 2026.

Charlotte Mulvihill
Ombudsman