

The complaint and what happened

Mr W complains Lloyds Bank PLC ('Lloyds') won't reimburse money he lost when he fell victim to a crypto investment scam.

Mr W is professionally represented, however, to keep things simple, I'll refer to Mr W throughout my decision.

The full details of this complaint are well known to all parties, so I won't repeat them here. Instead, I'll recap the key points, and focus on giving reasons for my decision:

- Mr W was contacted by an unknown person via a popular messaging service, who we now know to be a scammer. Mr W developed a friendship with the scammer and he was introduced to a crypto investment opportunity via an investment company.
- Between 2 October 2023 and 6 October 2023, Mr W transferred the following amounts to accounts he held at two genuine crypto exchange providers, which I will refer to as 'K' and 'B'. And from there, Mr W invested the amount under the guidance of the scammer.

Payment	Date	Payee	Amount
1	2 October 2023	'K'	£3,000
2	5 October 2023	'B'	£5,000
3	5 October 2023	'B'	£5,000
4	6 October 2023	'K'	£25
5	6 October 2023	'B'	£3,000
Total:			£16,025

- In July 2024, Mr W complained to Lloyds, who didn't uphold his complaint, so the matter was referred to our service.
- Our Investigator didn't uphold the complaint. He said, Mr W was being guided and coached by the scammer, so he didn't think any further intervention from Lloyds would have been effective in unravelling the scam.

Mr W didn't agree and as no agreement could be reached, his complaint has been passed to me to decide.

Your text here

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.

I'm sorry Mr W has been the victim of a scam. But while I accept he has lost a lot of money, I must consider whether Lloyds is responsible for it. I know this won't be the outcome Mr W is

hoping for, but for similar reasons as our Investigator, I don't think they are. So, I don't think Lloyds has acted unfairly by not refunding the payments. I'll explain why.

Before I do, I want to reassure Mr W that I've considered everything he has submitted and while I've summarised this complaint in far less detail than what he has provided, I want to stress that no discourtesy is intended by this. If there is a submission I've not addressed; it isn't because I have ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether Lloyds is responsible for the claimed loss.

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 W 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 W's payments, 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.

I need to decide if Lloyds acted fairly and reasonably in their dealings with Mr W 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.

Lloyds didn't carry out any checks before processing Payment 1 for £3,000 to K. However, based on the value of the payment and Mr W having an established relationship with K with genuine payments being made previously, I don't think the payment would have indicated a heightened risk of financial harm and there was nothing to suggest to Lloyds that Mr W was in the process of being scammed at the time. So, I'm not persuaded there was anything that ought reasonably to have caused Lloyds any concern when Mr W made the first payment.

However, when Mr W attempted to make Payment 2 for £5,000 to B, Lloyds blocked the payment, which meant Mr W had to speak to Lloyds to get the payment released. I've listened carefully to the two calls Mr W had with Lloyds on 3 October 2023 and the two calls he had with Lloyds on 4 October 2023, and, I think the calls were proportionate to the risks associated with the £5,000 payment and I don't think Lloyds missed an opportunity to uncover the scam or prevent Mr W's loss. This is because, I wouldn't expect Lloyds to interrogate their customers about payments they're making. Instead, Lloyds should take steps to better understand the surrounding circumstances of a payment(s), proportionate to the risk it presents, in order to allow them to establish if there is a risk of it being made as part of fraud or a scam. There is also an expectation that customers answer questions from their bank openly and honestly. Unfortunately, and while I appreciate this was due to manipulation of the scammer, Mr W didn't do that. This is because when Lloyds asked Mr W if someone had asked him to make the payment for the investment, he said, "*No, no I'm doing this on my own behalf*". Mr W also sounded confident during the calls he had with Lloyds and when asked about the loan payment that had come into his account, Mr W mentioned this was also for the investment he was involved in and that he was expecting to receive some returns soon. Mr W also told Lloyds he appreciated what they were doing from a safety point of view, however, he wanted to let them know he was looking to make further payments over the next few days towards the investment. So, he wanted to make sure Lloyds were aware that it is him who is carrying out the transactions and if possible to avoid any further blocks being put on the payments. In my opinion it would have been difficult for Lloyds to realise Mr W was fallen victim to a scam based on the conversations he had with Lloyds when Payment 2 was blocked.

I've also reviewed the scam chats which we have been provided between Mr W and the scammer, and without going into too much detail it is clear he had built up a strong relationship with the scammer about a month prior to the payments. Based on the information provided, I think it is clear when Mr W was making the payments he was being guided and coached by the scammer in how to circumvent any blocks that Lloyds had put in place. For example, when Lloyds blocked the payment Mr W attempted he told the scammer, and the scammer, replied with the following: *"They want to confirm that it is you who is making the deposit or not. Banks don't like cryptocurrencies."* Mr W told Lloyds on the calls that it was him who is making the payments. The scammer went on to say *"If the bank does not allow it, you complete the installation of an (electronic money provider) and I will guide you to send the money to the (electronic money provider) and from there onto the exchange."* The scammer had told Mr W to download an electronic money provider app just in case the bank didn't allow his payments to go through, which Mr W had done. Mr W was also told to take out a loan to increase his profits, which he did. The scammer also asked Mr W to try and take out further loans to pay fees that he had owed to withdraw his funds and when Mr W said this was not possible, he was told to ask his friends and family to lend him the money to increase his profits and make withdrawals, which Mr W said he would try. This should have raised concerns with Mr W as this isn't what you would expect from a genuine investment opportunity. As a result, I'm not convinced that any further questioning by the advisors Mr W spoke to would have uncovered the scam due to the relationship he had built up with the scammer, and I don't think Lloyds could have prevented Mr W's loss.

Taking all this into consideration, I think it was reasonable for Lloyds to think Mr W was making the £5,000 payment for legitimate reasons. I appreciate Lloyds didn't intervene again, but having looked at the conversation Mr W was having with the scammer, and the calls that took place, if it had, I've not seen anything to persuade me Mr W would have answered any questioning differently.

On a final note, I've considered whether, on being alerted to the scam, Lloyds could reasonably have done anything to recover Mr W's losses, but I don't think they could. The payments went to genuine crypto exchange providers in Mr W's own name before being forwarded to the scam. Lloyds could've only sought to recover funds from the exchange providers, and even if they had, and funds were available, they would've been accessible to Mr W.

I appreciate Mr W will be disappointed by this outcome. But it would only be fair for me to direct Lloyds to refund his loss if I thought they were responsible – and I'm not persuaded that this was the case. For the above reasons, I think Lloyds have acted fairly and so I'm not going to tell them to do anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 10 February 2026.

Israr Ahmed
Ombudsman