

The complaint

Miss E complains that Lloyds Bank PLC won't reimburse money she lost to a cryptocurrency investment scam.

What happened

The detailed background to this complaint is well known to both parties and has been previously set out by the investigator in their assessment. So, I won't repeat it again here. Instead, I'll focus on giving my reasons for my decision.

Miss E says she has fallen victim to a cryptocurrency investment scam – which I'll refer to as V. She says she was introduced to V by a trusted friend – whom I'll refer to as K, and she believed it was genuine as she'd attended conference calls where presentations were shown about the opportunity. She also said she'd seen others earning from their investments with V. Miss E made a series of payments to her own cryptocurrency accounts that were lost to the scam. The value of the payments lost were around £30,000 and were made between the period of 5 October 2022 and 19 May 2023.

Through her professional representative, Miss E raised a claim and subsequent complaint with Lloyds which were rejected, before being brought to this service.

One of our investigators looked into this matter and concluded that Miss E had provided no evidence that confirmed how the scam came about and/or evidence of her interactions with V. She also wasn't satisfied Miss E had sufficiently evidenced that she'd suffered a loss. And as a result of the limited information and evidence provided, she didn't uphold the complaint.

In response, Miss E provided further evidence for consideration. It was also argued that Lloyds failed to take the opportunity to engage with Miss E and properly discuss the payments, missing a critical chance to provide her with the necessary warnings. And so she asked for the case to be considered by an ombudsman.

Our investigator reviewed the further evidence and considered that key information and evidence had still not been provided. As such her outcome remained unchanged and the case has since been passed to me to decide.

I issued my provisional decision on 22 January 2026. In this I said:

What I've provisionally 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 minded to reach the same overall outcome to our investigator. But I'm issuing this provisional decision to set out some further reasoning and to give everyone a further opportunity to comment before I finalise my decision.

In this decision, I'll concentrate my comments on what I think is relevant. If I don't comment on a specific point, it's not because I've failed to consider it, but because I don't think I need to comment in order to reach a fair and reasonable outcome. Our rules allow me to do this and this reflects the nature of our service as a free and informal alternative to the courts.

I've carefully reviewed the evidence and information presented by Miss E and I'm satisfied there is enough that shows she was involved with V. I've found that for some of the payments complained about, there is some supporting evidence they relate to V – whether that's from an email or from a payment reference. But for a significant number of disputed transactions, there is no supporting evidence beyond Miss E's testimony. And most importantly, what's missing are any interactions Miss E has had directly with V at all, nor any payment instructions she's received specifically relating to V. Miss E has also been unable to provide her cryptocurrency account statement.

It's also evident that Miss E was introducing others to V which is supported by credits received into her bank account from multiple third parties, before payments were made to her own cryptocurrency account. And although our investigator asked for information from Miss E regarding the credits received, a full response has not been provided regarding them all. As it stands, I'm not satisfied Miss E has provided sufficient evidence to demonstrate the loss she is claiming for. It remains unclear what of the losses she is complaining about specifically belong to her and what might otherwise belong to other investors. But even if I were satisfied that Miss E could satisfactorily establish and evidence her loss against those losses of others she was investing on behalf of, I'm still not minded to uphold this complaint.

It isn't in dispute that Miss E authorised the transactions in question. She is therefore presumed liable for the loss in the first instance. However, Lloyds is aware, taking longstanding regulatory expectations and requirements into account, and what I consider to be good industry practice at the time, that it should have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

Miss E said that Lloyds failed to take the opportunity to engage with her and properly discuss the payments, missing a critical chance to provide her with the necessary warnings. However, Lloyds has provided evidence of an intervention that did take place and this was referenced in the final response letter it issued responding to Miss E's original complaint. This intervention took place in December 2022 regarding a payment Miss E was making to her cryptocurrency account for £4,060. This is the earliest I'd reasonably have expected such an intervention to take place. Having reviewed the transcript of the intervention, I can see that Miss E was upfront about the purpose of the payment and that it was being made in relation to the purchase of cryptocurrency. She was questioned about the account details she was paying and how she got them. She was also asked whether she recalled selecting 'something else' as the payment purpose – which she confirmed she did. Lloyds considered her payment higher risk than normal of being fraudulent. It explained the risk that once the money leaves her account, they're unlikely to recover it. Lloyds also explained how fraudsters provide convincing stories that can be very believable often telling customers not to discuss the calls with their bank. Lloyds went on to explain that the FCA had publicly stated the high risks involved with investing in crypto assets before she agreed to continue making the payment. Lloyds then questioned Miss E further and asked her whether anyone was advising her to invest her money to which she responded 'just me, I'm fully responsible' – which wasn't true.

I do think Lloyds could have asked more and better probing questions of Miss E about the payment she was making. But I'm not persuaded that would have prevented her loss. I say this having reviewed the entirety of the scam chats Miss E has provided to this service, as well as her responses regarding how she was introduced to V. Miss E explained that she was introduced to V through K, a trusted friend she'd known for over 10 years. She said K was someone she had been in business with before they introduced her to V. Miss E already had an existing relationship regarding an earlier investment scheme through K. She also said she had seen others earning from V. And whilst I do note that early on Miss E expressed some concerns regarding V to K, it's clear she trusted K's judgement on V. So even if Lloyds had directed Miss E to ensure she'd carried out her due diligence regarding V, although there was some negative information in the public domain by December 2022, I'm convinced she was already really taken in by the scam. So much so, that it wasn't long before Miss E herself began to introduce others to V. Miss E had acknowledged to our investigator that when she first got involved with V, there was nothing negative regarding V and that it was only later on after she'd invested and towards the end that there was negativity around V in an overseas jurisdiction.

There's no evidence of any further interventions that took place with any later disputed transactions that took place. And I'm not satisfied there needed to be. There were some later payments made of similar value, but these weren't made in quick succession and the payee had become well established. Whilst arguably there was a sequence of payments for £1,000 each made in May 2023 that could have alerted Lloyds to concerns Miss E might be falling victim to a scam, for the same reasons I've already set out above I'm not persuaded any intervention would have prevented Miss E from proceeding with making further payments.

I would also note from Miss E's submissions that regular reference has been made to the Contingent Reimbursement Model (CRM) Code. It's confirmed by Miss E that the payments were made to her own cryptocurrency account before the funds were converted into cryptocurrency and sent on and lost to V. In light of this, the CRM code does not cover any of the bank transfers Miss E made, nor do they cover any of the debit card payments made either.

Lastly, I've considered whether there are any ways Lloyds could have recovered Miss E's money, but I don't consider it could have. Miss E bought genuine cryptocurrency with the funds which she sent on as part of this scam. So she did receive what she paid for, even if she then lost them due to the scam.

In summary I'm not satisfied Miss E has satisfactorily established and evidenced her loss against those losses of others she was investing on behalf of. But even if this could be resolved, I would only ask Lloyds to reimburse Miss E if I found that any wrongdoing on its part caused her loss. And for the reasons I've set out above, I'm not persuaded any intervention by Lloyds would have prevented her from proceeding with making further payments towards V.

I invited further comments from both parties.

Lloyds confirmed it had no further comments to make.

Miss E's representatives responded with comments. In summary it said:

- The provisional decision does not reflect the true nature of V nor the extent to which it was publicly identified as a fraudulent operation during the period in which Miss E made the disputed payments – where it was the subject of formal scam warnings in

multiple jurisdictions. Therefore Miss E's losses should not be characterised as the result of speculative investment decisions.

- The provisional decision does not adequately take account of Miss E's vulnerabilities at the time the disputed payments were made which materially impacted her ability to make clear and rational financial decisions. This is highly relevant when assessing whether Lloyds took appropriate steps to protect its customer. It considers that the intervention that did take place was insufficient in both the publicly known risks associated with V and Miss E personal circumstances.

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'd like to thank Miss E's representatives for their comments. Contrary to those comments however, I can't agree that I have characterised Miss E's losses here as the result of speculative investment decisions. I'm satisfied V was a scam. That said, I would point out that no response has been provided to the opening consideration of my provisional decision where I set out the following:

As it stands, I'm not satisfied Miss E has provided sufficient evidence to demonstrate the loss she is claiming for. It remains unclear what of the losses she is complaining about specifically belong to her and what might otherwise belong to other investors.

However, even if I were to agree with the points raised in response to my provisional decision – and to be clear I don't, I could not fairly direct Lloyds to make any award to Miss E in light of this.

I appreciate the strength of feelings they have on the matter. But in making my provisional decision, I had already considered their points made. Therefore, I don't seek to repeat them here. An intervention had taken place, and I've explained that I did think Lloyds could have asked more and better probing questions of Miss E about the payment she was making, but I wasn't and I still am not persuaded that would have prevented her loss – for the reasons I'd already set out. I had also considered the existence of warnings in the public domain at the material time. Despite Miss E's personal circumstances, I can't ignore the long term relationship that existed with K and Miss E's involvement with an earlier investment scheme as a result. And this was prior to her involvement with V and the interactions that did take place, which I consider to be a key factor here.

Whilst I've carefully considered the appeal submitted by Miss E's representatives, they don't change the outcome I'd reached in my provisional decision.

My final decision

For the reasons give above, and in my provisional 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 Miss E to accept or reject my decision before 4 March 2026.

Mark O'Connor
Ombudsman