

## The complaint

Mr A, initially through a representative, complains that Lloyds Bank PLC ("Lloyds") have failed to refund money that Mr A lost as part of an investment scam.

## What happened

The circumstances of the matter are well known to both parties so I will not go into too much detail as to what happened.

But in summary; Mr A's representative explained that Mr A was introduced by a good friend to a Bitcoin trading company that I will call B. This friend showed Mr A that he had made substantial profits from B and had shown him that he had also made large withdrawals from his profits.

From what I can see he made the following card payments and transfers to Binance that were used to buy cryptocurrencies and were then forwarded onto B.

The payments made were as follows;

Date	Beneficiary	Value	Running Total
19/04/2022	Binance (Transfer)	£1,550	£1,550
19/04/2022	Binance (Transfer)	£1,020	£2,570
19/04/2022	Binance (Transfer)	£1,800	£4,370
25/04/2022	Binance (Transfer)	£6,112	£10,482
23/06/2022	Binance (Transfer)	£30	£10,512
23/06/2022	Binance (Transfer)	£330	£10,842
23/06/2022	Binance (Transfer)	£350	£11,192
25/06/2022	Binance (via Skrill Debit Card)	£2	£11,194
25/06/2022	Binance (via Skrill Debit Card)	£8	£11,202
25/06/2022	Binance (via Skrill Debit Card)	£3	£11,205
26/06/2022	Binance (Transfer)	£1,640	£12,845
26/06/2023	Binance (Transfer)	£1,643	£14,488
13/07/2022	Binance (via Skrill Debit Card)	£1,505	£15,993
13/07/2022	Binance (via Skrill Debit Card)	£338	£16,331
13/07/2022	Binance (via Skrill Debit Card)	£338	£16,669
23/07/2022	Binance (via Skrill Debit Card)	£2,250	£18,919
05/08/2022	Binance (via Skrill Debit Card)	£1,665	£20,584

Mr A tried to withdraw his funds from B but kept on being told to pay a number of additional fees before he could withdraw. Mr A eventually realised that he had been scammed.

Mr A via a representative raised a complaint with Lloyds as he believed that Lloyds should have stopped him from making the payments in question.

One of our investigators looked into this matter and they decided that the transactions were not sufficiently out of character to warrant an intervention by Lloyds and that there was no other means for Lloyds recover the funds.

Mr A, now no longer represented, did not agree with this and therefore his complaint was passed to me to issue 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.

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Having done so, I agree with the conclusions reached by the investigator for the following reasons:

It isn't in dispute that Mr A authorised the disputed payments he made to Binance (where his funds were subsequently transferred on to the scammers from his crypto wallet). The payments were requested by him using his legitimate security credentials provided by Lloyds, and the starting position is that banks ought to follow the instructions given by their customers in order for legitimate payments to be made as instructed.

However, I've considered whether Lloyds should have done more to prevent Mr A from falling victim to the scam, as there are some situations in which a bank should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character. However, having looked at Mr A's account activity and the limited payment history into account, I do not think the payments he is disputing should have been regarded as particularly unusual.

The payments were not of such a large amount that they would represent a significant deviation from what would be considered as 'usual' activity. I accept that the payment of £6,000 does represent a larger payment than Mr A usually made but not sufficiently so, in my opinion, to have necessitated an intervention from Lloyds.

Especially as Mr A had made transactions to Crypto exchanges prior to these payments so him transferring funds to a Crypto exchange would not be that out of the ordinary for him.

So, having considered the payments Mr A made, I'm not persuaded there was anything that ought reasonably to have triggered Lloyds's fraud monitoring systems (apart from the first payment being checked that it was genuine), or that would have indicated he was in the process of being scammed. I therefore do not consider there to have been any obligation on Lloyds to have intervened any further.

I should also add for the sake of completeness that even if Lloyds intervened, and to be clear I don't think it needed to, I don't think that an intervention would have altered Mr A's decision to carry on with the transactions in question. To explain Mr A said in his initial submissions via his representative that he was recommended the investment by a friend and the friend said and demonstrated that he had made and withdrawn "profits". There were also no credible warnings available online about B either. So had a warning been given by Lloyds I don't think it would alter Mr A's decision to continue with the transactions in question.

I've also thought about whether Lloyds did enough to attempt to recover the money Mr A lost.

In this instance the debit card payments could potentially have been recovered by a chargeback. But in this case, a chargeback would not have been successful, as the transactions Mr A used his debit card for was to pay Binance for the purchase of cryptocurrency, which he duly received. It was only when the cryptocurrency was transferred from his crypto wallet to the scammer did the loss then occur. So, he could not claim that he did not receive the goods or services paid for from his Lloyds account, which was the purchase of the cryptocurrency. As a result, I don't think Lloyds have acted unreasonably by failing to pursue a chargeback claim here.

In relation to the transfers as the funds had already been moved from Mr A's crypto wallet the only remaining option for Mr A to recover the funds in question is via the Contingency Reimbursement Model (CRM). But the CRM does not apply to transfers made to an account in the customers own name and in this instance Mr A was transferring funds to an account with Binance that was in his own name.

I appreciate this will come as a disappointment to Mr A, and I'm sorry to hear he has been the victim of a cruel scam. However, I'm not persuaded that Lloyds can fairly or reasonably be held liable for his loss in these circumstances.

### **My final decision**

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 17 November 2023.

Charlie Newton  
**Ombudsman**