

The complaint

Mr L complains Lloyds Bank PLC didn't do enough to protect him from losing money as part of a scam and didn't act fairly when it refused to refund his losses.

What happened

Mr L, who is represented by a claims management company, has several accounts including an account with Lloyds Bank.

Mr L says he was contacted on social media by one of his friends – or so he thought – saying that he'd made a lot of money trading in cryptocurrency and encouraging him to do the same. He says his friend told him that he could make thousands of pounds in profit in 3 to 7 hours. Mr L says he started investing in bitcoin – and was shown how to do so – as a result. And that he was then told he'd have to make further payments in order to withdraw the profits he'd made – over £150,000. He says he never received his profits back, despite making several additional payments, and that he then spoke to his friend and discovered their social media account had been hacked and that they'd also been scammed. Mr L contacted Lloyds Bank to say he'd been scammed. He sent a further £23,000 to the scammer after reporting the scam.

Lloyds Bank looked into Mr L's claim and said that it wasn't able to refund him. Mr L was unhappy with Lloyds Bank's response and ultimately complained to us.

One of our investigators looked into Mr L's complaint and said that they thought Lloyds Bank should have intervened earlier than it did, but that it wouldn't have made a difference even if it had done so. That's because Mr L hadn't answered some of Lloyds Bank's questions as truthfully as he could have done, meaning any attempt to intervene would have likely failed. So, they didn't recommend that the complaint be upheld.

Mr L's representative accepted that Mr L hadn't answered some of Lloyds Bank's questions as truthfully as he could have done. But they said that our investigator should take into account the fact that Lloyds Bank's questions were poor and the information that Mr L had given when he first called to find out why a payment hadn't gone through – a call that had ended whilst Mr L was on hold – as the information he gave should have raised red flags. Our investigator remained of the view that this complaint shouldn't be upheld, so this complaint was referred to an ombudsman for decision and passed to me.

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.

Mr L called Lloyds Bank four times over two days to say he was having problems making payments towards cryptocurrency – something he was investing in. There's no dispute that Mr L was left on hold for around 10 minutes by the agent who took his first call. Or that he said he was being guided how to make the payments – for example, when's best to invest – and gave the name of the app he was using on the first call. Or that he said that investing in cryptocurrency was something he'd been doing with his mates for six to seven months.

Mr L's representatives have said that information Mr L gave during the first call should have raised several red flags, and that the subsequent calls he had should be considered in light of the information Mr L had already given. I don't entirely agree, and I'll explain why.

The first thing that Mr L says to the agent when he calls Lloyds Bank back is that he'd just been speaking to one of their colleagues and that the call had then dropped. He asks whether he has to go through everything all over again – and if the agent can just authorise the payment. The agent doesn't agree to do this and starts taking the details from Mr L again. In the circumstances, I don't think it's unreasonable to expect Mr L to start again – not least so that the agent could get a full picture of what was going on.

In this case no-one appears to be disputing the fact that Mr L has been scammed. Our investigator did, however, think that even if Lloyds Bank had intervened earlier and asked more probing questions, it wouldn't have made a difference because Mr L didn't answer some of the key questions as truthfully as he could have done. For example, when he was asked if he'd been contacted over social media, he said 'no' and when he was asked if he had been told he could make lots of money from investing in cryptocurrency he again said 'no'. I agree with our investigator that it wouldn't have made a difference if Lloyds Bank had intervened earlier and asked more probing questions because of this. I also agree that Mr L sending another £23,000 to the scammer after reporting the scam to Lloyds Bank – having been told that he was 95% of the way to getting his profits – is further evidence of this.

For the reasons I've just given, I agree with our investigator that this isn't a complaint we should be upholding as I don't think it would have made a difference if Lloyds Bank had intervened earlier or asked more probing questions.

My final decision

My final decision is that I'm not upholding this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 3 January 2024.

Nicolas Atkinson
Ombudsman