

The complaint

Ms B complains about Lloyds Bank PLC.

She says that she has fallen victim to a scam and would like Lloyds to refund her the money she has lost as a result.

What happened

Ms B wanted to become a counsellor – in order to finish her studies, she looked online for courses available and found ‘S’ – a business that would provide a training course.

She had a quick call with S regarding the course it would offer and paid £50 to complete an interview. At the time, S was offering discounts, and so she paid £3,100 via transfer (as her debit card wasn’t working at the time) for 50 lessons with S.

However, after Ms B had completed five of the lessons, S ceased trading – and so Ms B was not able to complete her course.

Ms B says that S was operating as a scam and would like Lloyds Bank PLC to refund the money she lost as a result.

A complaint about what happened was made to Lloyds, however it did not uphold Ms B’s complaint. It said that this was because Ms B had paid a legitimate business that had ceased training – and that this was a civil dispute between Ms B and S.

Unhappy, Ms B brought her complaint to this Service. Our Investigator looked into things, but agreed with Lloyds that S was a genuine business, and that while it was unfortunate that Ms B hadn’t been able to complete her course and was out of pocket as a result, this wasn’t due to a scam, and so Lloyds didn’t need to refund her.

Ms B asked for an Ombudsman to make a final decision, so the complaint has been 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.

Having done so, I have decided not to uphold this complaint. I know that this will be disappointing for Ms B – she has paid out a lot of money for a course in good faith but hasn’t been able to complete this due to S ceasing trading. And I understand she would want to try and recoup her losses. But I need to decide if Lloyds can fairly and reasonably be held responsible for this, and having considered everything, I don’t think that it can.

It isn't in dispute that Ms B authorised the payment she made to S. Because of this the starting position – in line with the Payment Services Regulations (PSR's) 2017 – is that she is liable for the transaction. But she also says that he has been the victim of an authorised push payment (APP) scam.

Lloyds has signed up to the Lending Standards Board Contingent Reimbursement Model (the CRM code) which requires firms to reimburse customers who have been the victims of Authorised Push Payment (APP) scam.

Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances). But the CRM Code only applies if the definition of an APP scam, as set out in it, is met.

I have set out the definition of an APP scam as set out in the CRM Code below:

... a transfer of funds executed across Faster Payments...where:

- (i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or
- (ii) The Customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent.

The CRM Code is also explicit that it doesn't apply to private civil disputes. The wording in the code is as follows:

"This Code does not apply to:

- b) private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier."

I've therefore considered whether this payment Ms B made to S falls under the scope of an APP scam as set out above. Having done so, I don't agree that it does. I'll explain why in more detail.

I am satisfied that the first point does not apply here – Ms B intended to pay S, and the evidence shows that the funds were received. I've then considered if Ms B's intended purpose for the payment was legitimate, whether the intended purposes Ms B and S were broadly aligned and, if not, whether this was the result of dishonest deception on the part of S.

Having reviewed all of the information, I am not persuaded that S was running as a scam and intended to defraud Ms B from the outset. While I can appreciate that what has happened is of course frustrating for Ms B, and she is right to feel aggrieved, in order for me to direct Lloyds to refund her, I need to be able to make the finding that the business deliberately set out to scam Ms B.

Looking at the information available, it appears that S was set up as a LTD company, which is recorded on Companies House (although S has now been dissolved). I have also been provided with information from the receiving bank of Ms B's funds, and while I am not able to provide any information to Ms B about the account due to data protection laws, I can confirm that there was nothing about the account that showed that it was operating as anything other than a legitimate business at the time the payment was made.

Ms B also received five lessons from S – and while this falls far short of the 50 she paid for, I do have to take into account that some lessons were provided – if S had set out to scam Ms B from the beginning, I wouldn't have expected any of the lessons to have taken place.

And although I accept that this can be a tactic to encourage people to pay more money into a scam, Ms B doesn't appear to have been approached to pay any further funds.

I'm also aware that since the collapse of S, there have been multiple posts on social media from others similarly affected, but these posts don't prove that S was set up as a deliberate scam. Similarly, while Ms B alleges the director of S may have taken large amounts of money out of the business, I haven't been provided with evidence this happened, and this in itself doesn't prove that this is a scam either. Businesses can cease trading for all sorts of reasons and fail to perform their obligations; they can also be poorly run – but this again doesn't show that they deliberately defrauded their customers from the outset.

One of Ms B's particular concerns is that if she had paid for the course by debit card, rather than bank transfer, she would have been able to get her money back as they offer more protection. She says that due to an error on Lloyd's part her debit card was not working at the time she wanted to make the payment to S.

I've listened to the calls that took place between Lloyds and Ms B when she was having issues with her card – and it is clear that there was some kind of misunderstanding or error that took place. But I can't say that this means that Ms B should be provided with a refund as she would have paid by card if she could have done.

Card payments are not covered by the CRM code – and the only recourse that may have *potentially* been available to Ms B had she used her debit card would have been a 'chargeback' request. Chargeback isn't an automatic right – and businesses are not obliged to make such requests (which can also be defended by the merchant) – so I can't say that Ms B would have got her money back if she had used her debit card.

I understand that there are other students who have also lost money due to S going into liquidation, and Ms B says that they have got their money back – but I cannot comment on why anyone else's bank decided to do this – I can only decide the case in front of me.

I know that the director concerned has gone on to set up new LTD companies – and this is obviously irritating for those who have lost money. But it isn't illegal to do this – and can form part of restructuring.

It is possible that in the future information may come to light which may indicate that S was operating as a scam. Should this be the case, Ms B can complaint to Lloyds again and refer the matter to this office should she not be happy with the outcome.

I am very sorry for the situation Ms B finds herself in – she is without her money, and the qualification that she hoped to gain through S. I know that this has had a big impact on her financially and emotionally. But unless I am satisfied that a scam has taken place, I am not able to say that Lloyds needs to refund her loss under the provisions of the CRM code.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 17 October 2025.

Claire Pugh
Ombudsman