

The complaint

Mr O is unhappy with Lloyds Bank PLC as it hasn't refunded him money he says he lost to a scam.

What happened

Mr O wanted to buy a second-hand car and found one he liked online. He made enquiries about it with the dealer and agreed a purchase price.

Mr O paid a deposit for the car by making a faster payment (bank transfer) of £100. Both Mr O's account and that of the seller are held with Lloyds.

Once Mr O had paid the deposit the dealer said he wanted to increase the purchase price of the car. Mr O refused and withdrew from the purchase. He believed he was to receive a refund of his deposit.

But Mr O has not received that refund and so he reported the matter to Lloyds, saying he'd been the victim of a scam.

Lloyds considered what had happened but said it wouldn't refund Mr O's loss. It said he hadn't been the victim of a scam and instead had a civil dispute with the seller of the car.

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 to hear that Mr O has lost money, and I don't doubt that is the case. But I can't see that Lloyds ought to bear responsibility for his loss. And there are no grounds on which I can say it ought to refund him the £100, or to take the money back from one of its other customers.

Mr O authorised the payment out of his account and Lloyds duly executed the payment instruction. And so, as per the Payment Service Regulations (2017), Mr O is responsible for the transaction.

In some circumstances, a customer might be refunded a loss if there's evidence to show they've fallen victim to a scam. But there is no such evidence here.

The dealership Mr O paid appears to be a genuine and legitimate business. It's been established for several years, it's registered on Companies House, and has up to date accounts. Lloyds has received no other claims of a scam against the seller.

Mr O's description of events do not suggest a scam has taken place either. Instead, there is a purchase agreement that has fallen apart, and the seller has failed to honour the promise of a refund. That might well be unfair on Mr O, but it doesn't mean he's been scammed. Instead, he has a disagreement with the seller that meets the definition of a civil dispute.

Whilst Lloyds is a signatory to the Lending Standards Board's Contingent Reimbursement Model (CRM) Code, that clearly states that civil disputes aren't within scope for reimbursement. And there is no other regulatory requirement, industry guidance, or best

practice that would lead to Mr O being refunded by Lloyds. It has no legal grounds upon which to withdraw the disputed sum from the seller's account and deposit it into Mr O's.

My final decision

I don't uphold this complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 1 March 2024.

Ben Murray
Ombudsman