

## **The complaint**

Miss B complains that Lloyds Bank PLC won't refund over £58,000 she says she paid to a rogue builder that scammed her.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat everything again here. In brief summary, Miss B believes she was targeted by a rogue builder ("the builder") whom she had contracted to carry out works on her property. She paid the builder via four cheques from her Lloyds' account:

1. £12,000 on 28 May 2021
2. £12,000 on 28 May 2021
3. £19,700 on 26 August 2021
4. £15,000 on 27 August 2021

The builder carried out works on her property, but she was later told by another builder that the work completed was unnecessary and worth substantially less than the amount Miss B had paid.

As a result, Miss B reported it as fraud to Lloyds and asked it to consider reimbursing the money she had paid. She said that Lloyds shouldn't have allowed the cheques to be paid from her account in light of the unusual amounts she was spending, particularly given it had temporarily suspended her account due to concerns it had about her spending.

Lloyds said it wouldn't refund the money Miss B paid, however, as it considered the matter to be a civil dispute between Miss B and the builder, rather than her having fallen victim to a scam. Unhappy with this, Miss B brought her complaint to this service.

Our investigator didn't uphold the complaint. She didn't think there was enough evidence to suggest that the builder had set out to deceive Miss B and noted that she did have some of the work carried out that she'd paid for. The investigator also didn't think an intervention from Lloyds to question Miss B about the payments would have ultimately prevented her from making the payments, even if it was a scam. Miss B disagreed, so the matter has been escalated to me to determine.

## **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 agree with the conclusions reached by the investigator for the following reasons:

- I appreciate Miss B feels strongly that she has been scammed by the builder, and that there is currently an ongoing investigation and prosecution. But in order to be satisfied that Miss B has fallen victim to a scam, I would need to see convincing evidence that the

builder set out to dishonestly deceive her about the purpose for which the payment was procured. In this instance, the purpose of the builder requesting payment from Miss B was for work to the guttering and roof of her property. This work was started on 6 May 2021 and completed on 26 May 2021, for which Miss B paid in two cheques and she was issued an invoice.

- Miss B subsequently pointed out that there were issues with the work that had been completed, so the builder agreed to repair these. She also agreed for further work to be completed to her roof for an additional £35,000. Work on this began on 18 August 2021 and continued up until 28 August 2021, but was not fully completed.
- So, it appears that the builder did carry out the work for which Miss B had paid, but it was not fully completed. I understand that Miss B now does not think the work completed is worth the money she had paid, and that there is still more to do. But this speaks more to the quality of the work provided and whether the builder provided good value for money.
- As a result, I'm not persuaded there's enough convincing evidence to demonstrate that the builder always had a different purpose for the money, or that this was different to what Miss B *thought* she was paying for. However, I acknowledge that Miss B may have been overcharged for what she has paid, and that her case is also being used to prosecute the builder for fraud by false representation. But even if I were to accept that Miss B has been scammed here, I'm not persuaded Lloyds could fairly and reasonably be held liable for her loss in any event. I'll explain why.
- If a bank has concerns that its customer is at risk of financial harm from fraud, it's reasonably expected to delay a payment until it has taken steps to make further enquiries about the nature of the transaction. In this instance, I understand that Lloyds *did* have concerns about the payment activity on Miss B's account, as it took steps to suspend her account in light of the cheques being paid, which it considered to be out of character, so it sent her a letter informing her of this. I don't think this was reasonable or proportionate in light of Lloyds' concerns, as it took over a week for this letter to reach Miss B, by which time the cheques had cleared. So, it should have tried to speak to her directly before allowing the cheque payments to be processed. But even if I were to conclude that Miss B has fallen victim to a scam here, and that Lloyds should have blocked the cheques and spoken to her directly, I'm not persuaded any such intervention would have reasonably identified that it was a scam.
- I say this because Miss B already had work completed by the builder, for which she'd received an invoice, and then agreed to pay for further work (on which basis it could be reasonably assumed that she was happy with the initial work that had already been completed). She was also aware of the amounts she was being charged for this work. So, if Lloyds had called and questioned her about the purpose behind the payments, I'm not persuaded it would've had reasonable cause to suspect she was falling victim to a scam, or that the builder had no intention of providing the services for which she was paying, given that work was being completed. Indeed, when Miss B spoke to Lloyds in branch on 3 September 2021, it didn't conclude she had been scammed as she'd largely had the work carried out, but said she may have been overcharged and to speak to Trading Standards. On that basis, I don't consider it would be fair and reasonable to hold Lloyds liable for Miss B's loss, even if I were to accept that she had been scammed, as I don't think an intervention would have ultimately prevented it.

I appreciate this will likely come as a disappointment to Miss B, but I'm not persuaded Lloyds can fairly or reasonably be held liable for the money she's paid to the builder, so I won't be asking it to take any further action 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 Miss B to accept or reject my decision before 15 April 2024.

Jack Ferris  
**Ombudsman**