

## **The complaint**

Mr and Mrs B complain about Lloyds Bank PLC.

They say they have fallen victim to a scam and would like Lloyds to refund them the money they have lost as a result under the Lending Standards Board's Contingent Reimbursement Model (CRM) Code, to which Lloyds is a signatory.

## **What happened**

Mr and Mrs B employed the services of 'A' to complete some work on their home and paid £30,800.

However, the cost of the works went up, and the work that was completed was not to the standard Mr and Mrs B wanted, and they now say they have fallen victim to a scam.

Mr and Mrs B complained to Lloyds about what had happened, but it didn't uphold their complaint, so it was brought to this Service.

Our Investigator looked into things but didn't think that the complaint should be upheld. They said that while the work was not completed to a standard that Mr and Mrs B expected, there wasn't enough to say that they had fallen victim to a scam, rather it was a civil dispute between Mr and Mrs B and A – which isn't covered under the CRM code.

Mr and Mrs B asked for an Ombudsman to make a final decision on their complaint, so it 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 this will be disappointing for Mr and Mrs B, and I am very sorry for the situation they find themselves in. I can fully understand that they would want to attempt to recover the money that has been lost – I am also aware that in order to remedy the poor work that A completed has cost them a lot of money on top of the money they have already paid out.

However, my role is to decide if Lloyds needs to refund them the money they have lost, and I'm afraid that I can't say that it does.

It isn't in dispute that the payments made to A were authorised. Because of this the starting position – in line with the Payment Services Regulations (PSR's) 2017 – is that Mr and Mrs B are liable for the transactions. But they also say that they have been the victims of an authorised push payment (APP) scam.

Lloyds has signed up to the voluntary CRM Code, which provides additional protection to scam victims. 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 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 considered whether the payments made to A fall under the scope of an APP scam as set out above – and having done so I am not persuaded that they do. I'll explain why in more detail.

I'm satisfied that Mr and Mrs B intended to pay A – and that their funds were received by A, so I can't say that they were tricked into sending funds to a different person or business.

Therefore, what is left for me to decide is if A deliberately set out to defraud Mr and Mrs B from the outset. As our Investigator has already explained the threshold to prove this is high, requiring a burden of proof that is difficult to provide.

From the information I have been provided, it appears that a schedule of work was agreed between Mr and Mrs B and A, however, once work began, further issues became apparent which needed remedying and pushed the costs up. Mr and Mrs B say that some of the jobs they were invoiced for were not completed, and others were not up to the standard they expected, and they had to find another builder to complete the job.

While I can understand that it was frustrating that Mr and Mrs B were left with what they say was substandard work, it appears that a significant amount of work was done – and A attended the property for a week.

If A had set out to deceive Mr and Mrs B from the outset, I would have expected A to attempt to get as much money from Mr and Mrs B at the outset – and complete a minimal amount of work or none at all. But this is not the case here. Instead, it seems that A did complete works, and sought agreement for the extra work, but Mr and Mrs B were not happy - and so I think that this is more likely a civil dispute between Mr and Mrs B and A.

I know that Mr and Mrs B say that they spoke with Lloyds about the work when they were making a payment – and that Lloyds should have invoked the 'Banking Protocol' – and that this would have prevented them passing money to what they say is a scammer. But I don't think Lloyds would have had any reason to do this – Mr and Mrs B confirmed work was already taking place. And as I have explained above, I don't think Mr and Mrs B were falling victim to a scam.

As part of my review of this complaint, I have also seen information from the bank which received Mr and Mrs B's money (A's bank). The intention being to see if there was anything

that would suggest that A was not running as a genuine business. While it is not possible to release the information that has been provided, nothing I have seen suggests that A was running as a scam at the time they payments were received. Instead, it shows that the activity on the account was consistent with what we would usually be expected of a business involved in construction.

I do have a great deal of sympathy for Mr and Mrs B, they have paid out a lot of money for work that they are not happy with, and I know this is highly disappointing for them. But unless I am satisfied a scam has taken place, I am not able to direct Lloyds to refund them their money under the CRM Code.

It is possible that in the future, further evidence may come to light that suggests that A was running as a scam after all. At such a time, Mr and Mrs B can refer the matter to Lloyds again and ask it to reconsider their complaint. And if they are not happy with this, bring the matter back to this office.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 10 December 2025.

Claire Pugh  
**Ombudsman**