

The complaint

Mrs R complains that Lloyds Bank PLC ('Lloyds') won't refund the money she says was lost as the result of a scam.

What happened

In 2023, Mrs R was looking for a builder to complete work on her daughter's property, this included a refurbishment and a loft conversion. Using a tradesperson website, Mrs R was provided a quote by a builder I'll refer to as C. The quote was for £45,000 for the refurbishment and £25,000 for the loft conversion.

In March 2023, Mrs R made her first payment to C, and he attended the property to start the work. Mrs R continued to make payments until August 2023. In total, she paid over £72,000.

Mrs R says the refurbishment hasn't been finished, and what work has been done is of a poor quality, and the loft conversion hasn't been started – despite her having paid the total that was quoted for both pieces of work. Mrs R says she hasn't had contact with C since November 2023.

Mrs R raised a fraud claim with Lloyds, but they declined to refund her saying she has a civil dispute with C.

Mrs R wasn't happy with Lloyds' response, so she brought a complaint to our service.

An investigator looked into Mrs R's complaint but didn't uphold it. The investigator wasn't satisfied that Mrs R's funds hadn't been used for the intended purpose or that C obtained the funds with no intention of completing the work. So, Mrs R's payments aren't covered by the Contingent Reimbursement Model Code (CRM Code).

Mrs R didn't agree with the investigator's opinion and raised the following points:

- C took the money for the loft conversion but didn't do any work on it.
- C lied about owning a house, storing material and various other matters.
- C didn't run utilities prior to installing the bathroom which suggests he didn't plan to complete the work
- C left all his tools at the property, which a genuine tradesperson wouldn't do.

As the case couldn't be resolved informally, it was passed to me to review.

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 realise Mrs R and her daughter have ended up out of pocket as a result of C's actions, and that they will have to pay another builder to repair the work on the refurbishment and

complete the loft conversion. But I'm not making a finding about whether C owes Mrs R money, rather whether Lloyds can fairly be held liable for Mrs R's loss.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in light of the available evidence.

Is Mrs R entitled to a refund under the CRM Code?

Lloyds have signed up to the CRM Code, which requires firms to reimburse customers who have been the victims of Authorised Push Payment (APP) scams, in all but a limited number of circumstances.

But the CRM Code does not apply to private civil disputes, for example 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.

Also, the CRM Code defines what is considered an APP scam as, "where the customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent".

In order to decide whether the circumstances under which Mrs R made her payments meets the definition of an APP scam, I need to consider:

- The purpose of the payments and whether Mrs R thought this purpose was legitimate.
- The purpose the recipient (C) had in mind at the time of the payments and whether this was broadly in line with what Mrs R understood the purpose to be.
- And, if I decide there was a significant difference in these purposes, whether I'm satisfied that was as a result of dishonest deception.

Mrs R was making payments to C to have work completed on her daughter's home. I haven't seen anything that suggests Mrs R didn't think this was a legitimate purpose.

So, I've gone on to consider what purpose C had in mind and whether it was in line with what Mrs R thought.

In reaching an answer on what purpose C had in mind, the key information is:

- C and a team of workers attended the property and completed a significant amount of work over a number of months. I realise that the report Mrs R has provided says the work completed is of a poor standard and it may take a further £50,000 to repair it – but that would be considered a quality of goods issue which isn't covered by the CRM Code.
- We've received third party information from the beneficiary bank, which I can't share due to data protection legislation. However, this evidence supports that Mrs R's funds

were more likely than not used for the intended purpose, being the completion of work on her daughter's home.

- C was advertising on a well-known website for finding tradespeople. I haven't seen anything that suggests C wasn't a legitimate builder or that he wasn't operating as a builder at the time Mrs R made her payments.
- I realise that the loft conversion wasn't started, despite Mrs R having paid the total cost quoted, but this doesn't mean the funds weren't used for the overall building work. It's possible that there were cost overruns, or that there was poor financial management by C – but that doesn't mean that the funds were taken with a different purpose in mind or with no intention of completing the work.
- We don't have any evidence from a third-party organisation (for example, the police or Trading Standards) which shows what C's intent was at the time the payments were made.

I realise that Mrs R has paid over £72,000 and the property has been left with a number of problems and work not completed. But I'm not satisfied that Mrs R has proven that C took her funds (at the time of the payments) with a different purpose in mind or intending not to complete the work. C encountering difficulties and being unable or unwilling to complete the work, doesn't mean that Mrs R's payments are covered by the CRM Code.

Having carefully considered all of the information, I'm not satisfied that the circumstances under which Mrs R made the payments meets the definition of an APP scam as defined in the CRM Code. On that basis, I can't fairly hold Lloyds liable under it.

It's possible that material new evidence may come to light at a later date that demonstrates C's intentions when Mrs R made her payment, for example, from the police or Trading Standards. If it does, Mrs R can ask Lloyds to reconsider her claim.

Is there any other reason I could ask Lloyds to refund Mrs R?

There is an expectation for Lloyds to be on the lookout for, and to protect its customers from, potentially falling victim to fraud or scams. This includes monitoring accounts and identifying suspicious activity that appears out of character. Where potential fraud is identified, I would expect Lloyds to intervene and attempt to prevent losses for the customer.

However, even if I was satisfied that Lloyds should've intervened when Mrs R made these payments, I'm not satisfied that they could've prevented her loss. I say this because all of the information that Mrs R had available at that time suggested that C was a builder who was completing work on her daughter's property. Mrs R had found C on a well-known site used to find tradespeople and there wasn't anything to suggest that C wasn't a legitimate builder. So, if Lloyds had asked questions about the payments, I'm not satisfied that the information Mrs R would've shared with them should've concerned them that she was potentially at risk of financial harm from fraud. So, I can't fairly say Lloyds could've prevented Mrs R's loss.

I'm really sorry to disappoint Mrs R and understand why she feels Lloyds should refund her. But, based on the evidence, I'm not persuaded I can fairly hold Lloyds liable for her loss.

My final decision

My final decision is that I don't uphold this complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or

reject my decision before 29 October 2025.

Lisa Lowe
Ombudsman