

The complaint

Miss B complains that Lloyds Bank PLC won't refund the money she lost when she was the victim of what she feels was a scam.

What happened

In April 2024, Miss B was looking to get some gardening and building work done at her property. She was contacted by a builder who then visited her property and provided a quote. And as she was happy with the price and after seeing examples of other work the builder had done, Miss B agreed for them to do the work.

Miss B then made two payments from her Lloyds account to account details the builder gave her. I've set out the payments Miss B made below:

Date	Details	Amount
26 April 2024	To 1 st details	£5,680
3 May 2024	To 2 nd details	£3,520

Unfortunately, after the work was started, Miss B began to have concerns about the quality of the work being done and some of the things she had been told by the builder. And the relationship between them ultimately broke down and the builder did not complete the agreed work.

Miss B then reported the payments she had made to Lloyds as a scam and asked it to refund the money she had lost. Lloyds investigated but didn't think this met the criteria to be classed as a scam, so didn't agree to refund the payments. Miss B wasn't satisfied with Lloyds' response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think the available evidence was enough to say what had happened met the definition of a scam. So they didn't think Lloyds should have to refund the payments Miss B had made. Miss B disagreed with our investigator, 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.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

Lloyds is a signatory of the Lending Standards Boards Contingent Reimbursement Model (the CRM code). This requires firms to reimburse customers who have been the victim of

certain types of scams, in all but a limited number of circumstances. But customers are only covered by the code where they have been the victim of a scam – as defined in the code.

The relevant definition of a scam from the CRM code is that the customer transferred funds to another person for what they believed were legitimate purposes but were in fact fraudulent.

The CRM code also says it doesn't apply to private civil disputes, such as where a customer has paid a legitimate supplier for goods or services but has not received them, they are defective in some way, or the customer is otherwise dissatisfied with the supplier.

So in order to determine whether Miss B has been the victim of a scam as defined in the CRM code I need to consider whether the purpose she intended for the payments was legitimate, whether the purposes she and the builder intended were broadly aligned and then, if they weren't, whether this was the result of dishonest deception on the part of the builder.

I'm satisfied Miss B made the payments here with the intention of paying for gardening and building work. And I haven't seen anything to suggest she didn't think this was legitimate.

But I'm not satisfied the evidence I've seen shows that the builder intended a different purpose for the payments, or that Miss B's and the builder's purposes for the payments weren't broadly aligned.

I've thought very carefully about this and I think it's a finely balanced matter in this case. But where the evidence available is unclear or inconclusive, I must make my decision on what I think is likely to have happened, based on the evidence I do have.

Miss B has provided evidence that the quality of the work done by the builder wasn't of the standard she expected. But, as I explained above, disputes about the quality of work are specifically excluded from the CRM code. And tradespeople can fail to complete work or complete work to a poor standard for a variety of reasons. So this evidence, in of itself, is not sufficient to show that the builder intended to operate a scam.

The builder started the agreed work at Miss B's property and appears to have been working there, at least in some capacity, for a number of weeks. And from what Miss B has said and the pictures of the work I've seen, it appears a significant amount of work, and certainly more than just initial clearing or preparation work, has been done. But I'd usually expect a scammer to do as little work as possible in order to get the maximum possible profit in the shortest period of time. So more work appears to have been done here than I'd expect from someone who never intended to complete the work, which I think suggests the builder did intend to complete the work here.

The bank the payments were made to has also told us it hasn't received any other scam reports against the account. But scammers usually target a number of people at once, in order to make as much money as possible before the scam is uncovered. So I'd expect to see other scam reports to the same account around the same time if the builder was operating a scam.

I've also seen evidence relating to the account the payments were made to, and while I can't share any details of this evidence, I think it shows the account appears to have been run at the time as I would expect a legitimate tradesperson's account to have been run and doesn't suggest it was being used to operate a scam.

I appreciate Miss B has raised a number of issues about the behaviour of the builder. And I recognise this suggests the builder wasn't acting as I would expect a professional tradesperson to do. But acting unprofessionally does not mean the builder intended to operate a scam. And I don't think any of the issues Miss B has raised mean the builder didn't intend to carry out or complete the work at her property.

Miss B also raised that the builder used a false name in their communication with her. But people can want to use different names when conducting business for a variety of reasons, which don't always mean they are operating a scam.

Miss B also provided evidence of a number of other people who appear to have similar complaints about the builder. But we must look at each case individually, on its own merits. So I don't think these other complaints necessarily mean Miss B has been the victim of a scam here.

I also haven't been provided with evidence of any investigation by an external organisation which concludes that the builder was operating a scam in relation to the payments Miss B made.

So based on the evidence I've seen, I think it's more likely the builder here intended to complete the agreed work, but that other factors ultimately meant the building work wasn't completed. While Miss B has highlighted a number of issues with the actions of the builder, I don't think I can safely say the circumstances here meet the high legal threshold and burden of proof for fraud or the specific definition of a scam I must apply here.

I don't think the evidence I've seen suggests the builder deceived Miss B about the purposes of the payments. I think both Miss B and the builder's intentions for the payments were the same – to carry out the agreed work. So I don't think the circumstances here meet the definition of a scam from the CRM code.

And so I don't think the payments Miss B made to the builder are covered under the CRM code, or that Lloyds should be required to refund the money she lost.

I sympathise with the position Miss B has found herself in. I appreciate that her property was left in an incomplete state, and that she has had to pay another builder to complete the work. I'm also in no way saying she did anything wrong or that she doesn't have a legitimate grievance against the builder. But I can only look at Lloyds' responsibilities here and, for the reasons I've explained above, I don't think it would be fair to hold Lloyds responsible for the money she lost.

It's possible that material new evidence may become available at a future date, which suggests that the builder did take the payments using dishonest deception. If that happens, Miss B can ask Lloyds to reconsider her claim for these payments and, if not satisfied with its response, bring a new complaint to our service.

My final decision

For the reasons set out above, I don't 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 21 October 2025.

Alan Millward
Ombudsman

