

The complaint

Miss L complains Lloyds Bank PLC won't refund the money she says she lost to a scam.

What happened

In November 2024, Miss L was looking to move. She saw and responded to an online advert about renting a room and arranged to view the property.

Miss L says she did notice there were some differences between the advert and the property she viewed. The advert was for a live in landlord, which turned out not to be correct. And the name on the advert was different from the landlord Miss L then met; she says she understood this was because the advert had been listed by the landlord's wife. She ultimately decided she wanted to take one of the available rooms, so let the landlord know.

Miss L returned to the property on 20 November 2024 to sign the rental agreement. She says that, during this visit, she became suspicious about the landlord's behaviour and so started discreetly recording their conversation. They discussed the terms of the contract, including that she wanted to move in on 23 November 2024 whereas the contract start date was 1 December 2024, and how that might be arranged. She then paid the landlord £600, which I gather she understood was her security deposit.

After leaving the property, Miss L says she realised she didn't have a copy of the contract. She messaged the landlord, but he said he had left for another appointment and she couldn't go back in – although another tenant let her in and she couldn't find her copy. She asked him to send a picture of the contract but it appears he didn't do so.

On 21 November 2024, Miss L reported to Lloyds that she thought she had been scammed. I understand she also spoke to the landlord later that day. She says he accused her of fraud, seemingly for reporting the payment, and told her he wouldn't rent to her before hanging up and blocking her on the messaging app they had been using to communicate. He later messaged her through another means saying he was expecting her to move in on 1 December 2024 "as agreed".

Lloyds thought the matter was a civil dispute rather than a scam, and so declined to refund Miss L. She complained about its decision, then referred her complaint to our service when Lloyds maintained its stance.

Our investigator didn't uphold Miss L's complaint. On balance, they agreed this was likely a civil dispute. They found the person Miss L paid was the legal owner of the property and appeared to be genuinely renting it out to tenants. They weren't persuaded there was enough to show the landlord set out with the intent to deceive Miss L; they thought his actions could be due to a breakdown in relationship *after* making the payment.

Miss L has appealed the investigator's outcome. In summary, she says the landlord's actions show he manipulated the situation to give the impression she was paying in relation to a genuine rental agreement which he had no intention of fulfilling.

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 appreciate this will be disappointing for Miss L. But, for the reasons I'll go on to explain, I'm not persuaded it would be fair to direct Lloyds to refund her.

It's agreed Miss L authorised this payment. That means the starting position is that she's liable for it. In line with the Payment Services Regulations 2017, firms are expected to process authorised payment instructions without undue delay.

However, Miss L says she made the payment due to falling victim to an Authorised Push Payment (APP) scam. From 7 October 2024, Payment Services Providers in the UK are bound by the Faster Payments Scheme (FPS) reimbursement rules. Under these rules, most victims of APP scams should be reimbursed.

To decide whether Lloyds should refund Miss L's payment, I've therefore considered whether this issue meets the reimbursement rules' definition of an APP scam:

"Where a person uses a fraudulent or dishonest act or course of conduct to manipulate, deceive or persuade a consumer into transferring funds from the consumer's relevant account to a relevant account not controlled by the consumer, where:

- *The recipient is not who the consumer intended to pay, or*
- *The payment is not for the purpose the consumer intended"*

Lloyds has argued this matter is a private civil dispute rather than a scam. Such disputes – defined as *"A dispute between a consumer and payee which is a private matter between them for resolution in the civil courts, rather than involving criminal fraud or dishonesty"* – aren't covered by the reimbursement rules.

I can certainly see why Miss L is aggrieved by the actions of the individual she paid, and I understand why she thinks he scammed her. But having carefully weighed up all the available evidence, I'm not persuaded he more likely set out with the intent to defraud her from the outset.

First of all, I can see the individual paid – the landlord – did own the property Miss L thought she was agreeing to rent. From what she's told us, she was able to access and view the property, and it seems there was a room available where someone was moving out. She has also mentioned meeting other tenants during her visit(s). And I've seen evidence about how the receiving account was being used – which is consistent with the individual paid genuinely acting as a landlord.

I appreciate it could be a concern that the advert wasn't posted directly by the landlord, and that the profile who did was listed as a "live in landlord" – which doesn't appear to match the property that was being offered. But I understand Miss L was told the profile advertising the room belonged to the landlord's wife. I consider that plausible, and I don't think the advert undermines the points above supporting that the landlord was genuinely looking for a tenant.

I've listened to the recording Miss L surreptitiously made at the time of signing the contract and making the payment. While there is discussion around Miss L moving in earlier than stated on the contract, it's not particularly clear to me that any specific agreement about how this would occur had been reached prior to her making the payment. And while I know Miss L thinks the landlord manipulated things, I don't think it's clear that he tricked her into leaving her copy of the contract. I think it seems at least as likely this was left and/or picked up by him in error.

I do think the landlord's later actions show clearer signs of dishonesty. While I can't verify exactly what was discussed in the call Miss L had with the landlord, I do think it seems unlikely that, as he claimed in a later message, he still genuinely thought she would be moving in. But I'm also conscious Miss L reported the payment to Lloyds less than 24 hours after asking him to send her the contract. And from what she's told us about the call, it's clear he was aggrieved by this. So it seems equally plausible his behaviour was due to a falling out post-payment, rather than evidence he had no intention of fulfilling the expected service at the time of the payment.

Based on the information provided about the recipient of Miss L's payment and the ownership of the property, it seems clear the payment went to the person Miss L intended to pay. And I don't think it's been shown, on balance, that there was a deception and mismatch regarding the payment purpose. It seems at least as likely both Miss L and the landlord intended the payment to be a deposit for the room she was hoping to rent, but that a conflict then arose.

I understand why Miss L feels strongly about the landlord's actions and the loss she has incurred. It may be that she is able to pursue her dispute with him further, such as through the civil courts. But in the circumstances, I don't think it was unfair for Lloyds to reject this claim under the FPS reimbursement rules. Nor do I think there is any other reason why it should refund Miss L's loss.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 17 October 2025.

Rachel Loughlin
Ombudsman