

The complaint

Mr O complains that Bank of Scotland plc ('BoS') won't reimburse the funds he lost when he says he fell victim to a scam.

What happened

Mr O says that in November 2024 tradesmen from a firm I'll call K knocked on his door and offered to complete work on his driveway. He was told that the team had done some work for the council and had spare materials that would need to be used that day. K initially quoted a price of £40,000 but agreed to complete the work and provide a five-year wear and tear guarantee for £12,000.

Mr O paid K £12,000 and received an invoice relating to the supply and laying of hot bitumen and chippings. At the top of the invoice a representative of K wrote that maintenance in respect of wear and tear would be covered from 14 November 2024. The work was completed over two days. A few weeks later, Mr O noted that potholes had appeared on the driveway and tried to contact K. He found that the address and email he had been given were incorrect.

Mr O raised a fraud claim with BoS.

BoS said Mr O has a civil dispute which isn't covered by the Contingent Reimbursement Model Code ('CRM Code'), as Mr O received the service but is unhappy with the quality of the work.

Mr O was unhappy with BoS's response and brought a complaint to this service.

The investigator who considered this complaint didn't recommend that it be upheld. He said that the work on Mr O's drive was completed, albeit to a poor standard – so the provisions of the CRM Code don't apply. The fact that Mr O was unable to contact the company or the individual involved to organise remedial work didn't change this.

Mr O didn't agree with the investigator's findings, so his complaint has been passed to me. He said that without the builder's real name and address, he can't move forward through the courts or Trading Standards, and the police have no evidence to follow up his report. Mr O believes that the only party that can help him by providing the name and address associated with the account his funds went to is his bank.

The investigator told Mr O that he could not provide him with confidential information about the holder of the account he paid.

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 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 more likely than not to have happened in light of the available evidence.

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

The Financial Services and Markets Act 2023 required the Payment Systems Regulator (PSR) to introduce a reimbursement requirement for payments made over the Faster Payments Scheme as a result of fraud or dishonesty. Consequently in 2024, the PSR required the Faster Payments scheme operator (PayUK) to change the Faster Payment Rules to require the firms that operate over Faster Payments to reimburse their customers sums paid as a result of APP (authorised push payment) scams in certain circumstances. These Rules, which I'll call the Reimbursement Rules, came into force on 7 October 2024.

In this case, I've first considered whether the Reimbursement Rules and associated guidance issued by the PSR are relevant to the payment of £12,000 to K. Where they are relevant, I must have regard to the rules and guidance, as well as considering what is fair and reasonable in all the circumstances of the complaint.

The Reimbursement Rules set out the requirements for a payment to be covered and sets out the features and definition of an APP scam. The Rules specifically define an APP scam as:

"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".

And the Rules specifically outline that private civil disputes are not covered. The term private civil dispute is defined in the Rules 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."

In its published policy statement PS23/3, the Payment Systems Regulator gave further guidance:

"2.6 Civil disputes do not meet our definition of an APP fraud as the customer has not been deceived [...] The law protects consumer rights when purchasing goods and services, including through the Consumer Rights Act."

2.5 provides an example of when this might apply and says:

"...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."

Looking at the definition of an APP scam, Mr O paid K, as he intended. So, for Mr O to have been the victim of an APP scam, I would need to be satisfied that K was acting fraudulently or dishonestly to deceive Mr O about the very purpose for which his payment had been requested.

Here, the purpose of the payment was to complete work on Mr O's drive. It's clear that K had the same purpose in mind, as the work on Mr O's drive was completed. The issue is that Mr O is unhappy with the standard of the work. This is covered in PSR guidance on civil disputes and doesn't fall within the definition of an APP scam. So I'm satisfied that Mr O's claim isn't one that the Reimbursement Rules apply to.

I recognise that Mr O has been unable to ask K to complete further work on his drive when potholes appeared shortly after the work was completed. I don't know why incorrect contact details were given, but this doesn't change the fact that K's and Mr O's purposes in taking and making the payment were aligned.

Overall, I don't find this situation meets the definition of an APP scam as set out in the Reimbursement Rules.

BoS is required to comply with the Data Protection Act 2018 and UK General Data Protection Regulation (GDPR) which protect the privacy rights of individuals, so can't generally share recipient accountholders personal information. But Regulation 90 of the Payment Services Regulations 2017 places a statutory duty on a sending bank to disclose data to a customer in specified circumstances. It specifically refers to providing relevant information to enable the payer to claim repayment of funds when a payment has been made using an incorrect unique identifier (usually an incorrect account number and/or sort code). In this case Mr O hasn't used an incorrect identifier; he wasn't tricked into transferring funds to a different account for the service he received. This means that the correct unique identifiers were used and regulation 90 isn't applicable.

I realise this leaves Mr O in a difficult position as he is unable to take any steps in respect of the poor workmanship. But I can't require BoS to provide him with the personal information he would like to take matters further.

I recognise the payment Mr O made to K was significant. But I think if BoS had intervened and asked questions the payment would still have been made. Mr O has explained that he paid K after it had completed part of the work so I don't think BoS would have had any concerns about the payment.

I am sympathetic to the position Mr O now finds himself in, but I don't think BoS has treated him unfairly. For the reasons I have explained, I'm satisfied Mr O isn't due a refund under the Reimbursement Rules and I can't see there are other grounds on which I could say that BoS should, fairly and reasonably, be responsible for his loss.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 5 December 2025.

Jay Hadfield
Ombudsman