

The complaint

Mrs and Mr M are unhappy Handelsbanken plc (“Handelsbanken”) have declined to refund them three payments which they believe they lost to a scam.

What happened

The detailed background to this complaint is well known to both parties. So, I’ll only provide a brief overview of some of the key events here.

Between January and May 2024, Mrs and Mr M made a number of payments totalling over £200,000 to a tradesman I will refer to as “J”. Mrs and Mr M had employed J to build a single-story extension and to complete some accessibility adaptations on their recently purchased property.

The work commenced and initially appeared to be going ahead as agreed. However, by April 2024, Mrs and Mr M started to become unhappy with the work being carried out and concerns were raised with J about his attendance on site and the quality of the work completed. Mrs and Mr M ultimately terminated their contract with J in May 2024.

Following the termination of their contract with J, Mrs and Mr M employed a new builder. It then came to light that much of the work completed by J and his contractors was substandard and remedial work would need to be carried out - at considerable expense to Mrs and Mr M who were elderly and vulnerable.

Mrs and Mr M, whilst acknowledging that some of the agreed works were completed by J, now believe they have been scammed out of some of their funds. Specifically, they believe three of the payments made to J were obtained fraudulently. I have detailed the three payments below:

- £25,000 for the dismantling and rebuilding of Mrs and Mr M’s roof. Mrs and Mr M assert that J did not have the relevant skills or experience to complete this job to the standard agreed. The roof that was constructed allowed water to leak into their property and was later condemned by the local building control department.
- £20,000 for the payment of wages and materials. Mrs and Mr M assert that these funds remain unaccounted for and despite numerous requests, J has failed to confirm how they have been spent.
- £20,000 to purchase a new van. Mrs and Mr M have said these funds were meant as a loan to J to allow him to purchase a new work van - which in turn would allow him to complete the work on their property. The vehicle was purchased but J, but despite numerous requests, has made no attempt to repay them.

Believing they have been the victims of a scam, Mrs and Mr M reported what had happened to them to their bank, Handelsbanken, with the help of a personal representative. Mrs and Mr M requested Handelsbanken provide them with a refund of the amount lost.

Handelsbanken declined to offer Mrs and Mr M a refund. It said it didn't think they had been the victims of a scam at all, it thought their circumstances most likely amounted to a civil dispute between them and J, not a scam that the bank should become involved in now.

Mrs and Mr M didn't agree with what Handelsbanken said and so they brought their complaint to this service where one of our investigators looked into things.

Our investigator didn't uphold the complaint. They agreed with Handelsbanken that Mrs and Mr M's circumstances most likely amounted to a private civil dispute between them and J rather than a scam.

Mrs and Mr M did not agree and they maintained they had been the victims of a scam / fraud. They said what had happened to them met the definition of fraud as set out in the Fraud Act 2006 and that Handelsbanken should've dealt with their complaint in line with the Payment Systems Regulators' policy statement published in June 2023 and the PSR APP Fraud Reimbursement Policy.

Our investigator did not agree and as an informal agreement could not be reached, the case has been passed to me for a final decision.

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, I'm required to take into account relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

It's important to note that I am not deciding a dispute between Mrs and Mr M and J – I don't have the power to look into a complaint about J. My role is limited to deciding the dispute between Mrs and Mr M and Handelsbanken. So, I need to decide whether Handelsbanken acted fairly when concluding that Mrs and Mr M's circumstances amount to a civil dispute and not a scam. Having carefully considered all of the evidence provided to me, I find that it did act fairly. I'll explain why in more detail below.

The APP Scam Reimbursement Rules

As part of their complaint, Mrs and Mr M have said Handelsbanken has failed to deal with their complaint in line with the Payment Systems Regulators' ("PSRs") policy statement published in June 2023 and the PSR APP Fraud Reimbursement Policy.

To be clear, the policy statement issued by the Payment Systems Regulator in June 2023 set out how firms should deal with complaints about APP scams after the APP Scam Reimbursement ("ASR") rules came into force on 7 October 2024. The ASR rules are not retrospective and only apply to scam payments made after this date. As the payments that left Mrs and Mr M's account were all made prior to this date, neither the policy statement issued by the PSR in June 2023 nor the ASR rules are applicable to the payments made by Mrs and Mr M. For this reason, I don't intend to comment on these points further in this decision.

Have Mrs and Mr M been the victims of a scam?

In order for me to decide Handelsbanken could be held responsible for Mrs and Mr M's loss, I would first need to be satisfied that they had been the victims of an APP scam. Firms like Handelsbanken have various long-standing obligations to be alert to fraud and scams and to act in their customers' best interests. However, these are predicated on there having been a scam in the first place. So, my first consideration in determining this complaint is whether I think it's more likely than not that Mrs and Mr M have been the victims of an APP scam.

The relevant definition of an APP scam is set in the FCA Handbook:

"...a transfer of funds by person A to person B ... where:

- (i) A intended to transfer the funds to a person other than B but was instead deceived into transferring the funds to B*
- (ii) A transferred funds to B for what they believed were legitimate purposes but were in fact fraudulent."*

Therefore, when determining whether Mrs and Mr M have been the victims of an APP scam, I have considered:

- The purpose of the payments Mrs and Mr M made and whether Mrs and Mr M thought this purpose was legitimate.
- The purpose the recipient (J) had in mind at the time of the payments, and whether this broadly aligned with what Mrs and Mr M understood to have been the purpose of the payment.
- Whether there was a significant difference in these purposes, and if so, whether it could be said this was as a result of dishonest deception.

£25,000 for the dismantling and rebuilding of Mrs and Mr M's roof

Mrs and Mr M have said they made this payment to J in order to pay for the dismantling of their existing roof and its rebuild. I haven't seen anything that persuades me Mrs and Mr M didn't believe this to be a legitimate purpose. So, I've then gone on to consider the purpose J had in mind at the time he took the payment. After careful consideration, I'm not satisfied there is enough evidence to conclude J didn't intend to act in line with the purpose agreed with Mrs and Mr M.

Mrs and Mr M have told this service that their roof was dismantled and rebuilt by J. However, it appears that this wasn't to the agreed standard - the roof was later condemned and my understanding is that significant remedial work was necessary. And whilst this would clearly be unacceptable to Mrs and Mr M, I'm not persuaded that the amount of work completed is indicative of an intent to scam from the outset.

I understand why Mrs and Mr M feel the quality of the work was inadequate and unsafe. But this doesn't mean that their circumstances now meet the high legal threshold for this to be a scam where I would need to be satisfied that it was J's intention to deceive from the start. In order to reach this conclusion, I'd need to be persuaded that Mrs and Mr M paid J funds for the purposes of him completing work on their roof but that J, from the outset, had never intended to carry out the work and intended to defraud Mrs and Mr J of their funds instead. I can't say this is what happened here, J did dismantle Mrs and M's roof and complete some work on it.

So, whilst I acknowledge Mrs and Mr M's arguments that the work was done poorly or incorrectly and that this is confirmed by third parties, that isn't, in and of itself, evidence of

this being a scam. This is evidence of Mr and Mrs M being unhappy with the quality of the building services being provided – and a dispute about the quality of the work being carried out is civil in nature. So, the fact that substantial materials were purchased, and significant work carried out, albeit poorly, suggests to me that this wasn't a scam.

It may well be the case that J initially thought he could complete the work but ultimately the job was too large and he was out of his depth. I acknowledge Mrs and Mr M's argument that J might've misrepresented his ability to complete such extensive works. It is impossible to know for certain what happened now. But the evidence I've seen suggests that J did dismantle and complete some works on Mrs and M's roof – albeit to a poor standard. And this means I'm not in a position to now say J intended to defraud Mrs and M when he took these funds. It appears they were used for the purposes agreed and this is a dispute about the quality of work that was carried out, not a scam that the bank should become involved in now.

£20,000 to pay for wages and materials

Mrs and Mr M made this payment to J in order to pay for wages and materials whilst they went away on holiday in April 2024. I haven't seen anything to suggest Mrs and Mr M didn't believe this to be a legitimate purpose. So, I've then gone on to think about the purpose J most likely had in mind when he received these funds.

Mrs and Mr M have told this service that these funds are unaccounted for and despite numerous requests, J hasn't been able to tell them how they were ultimately spent. However, I haven't seen any evidence that supports that these funds weren't used for the purposes agreed. It's clear that some work was completed on Mrs and M's property. So, whilst I acknowledge that it is frustrating for Mr and Mrs M to not know exactly how these funds have been spent, at the same time, there is no persuasive evidence to support they weren't used to pay for wages and other associated building costs.

In addition to the above, whilst I am unable to share details about a third party and the nature of their relationship with their bank, the evidence I've seen regarding the beneficiary account indicates J's account was legitimate and payments were being made for building supplies. The receiving bank hasn't said it had any concerns about how the account was being operated. And, whilst I take on board that Mrs and Mr M have no records of what their funds have been used for, I don't think it necessarily follows that Mrs and Mr M were deceived as to the purpose of their payment. Tradesmen often take payments which they then use to pay for other things and customers payments aren't always allocated to their job alone – this is the nature of how this type of business is managed and run.

£20,000 given to J as a loan for a work van

Mrs and Mr M have said they intended these funds to be loaned to J to pay for a new work van. I haven't seen anything that suggests Mrs and Mr M didn't think this was a legitimate purpose. So, I've then gone on to consider the purpose J most likely had in mind at the time he took the payment. And again, after careful consideration, I'm not satisfied there is enough evidence to conclude J didn't intend to act in line with the purpose agreed with Mrs and Mr M.

Mrs and Mr M have confirmed that the proposed work van was purchased as agreed. It therefore appears to me that the dispute in relation to these funds is ultimately about their repayment - the funds were used for the purpose of purchasing the van as agreed. And whilst it's clear that Mrs and Mr M have been left out of pocket, the lack of repayment of

these funds is not indicative of a scam. The non-repayment of a loan is a civil matter, not a criminal one.

Summary

Having reviewed all of the evidence provided to me, I'm not persuaded that Mrs and M's circumstances meet the definition of an APP scam. Building works can be mismanaged such that agreements are breached and agreed services aren't provided. Or relationships break down as work progresses. These scenarios amount to civil disputes which banks aren't responsible for. And whilst the work not being completed to the agreed standards and not all funds being accounted for would clearly be unacceptable to Mrs and Mr M, this doesn't mean that their circumstances now meet the high legal threshold for this to be a scam where I would need to be satisfied that it was the J's intention to deceive them from the start. J has clearly completed a significant amount of work on Mrs and Mr M's property. He has bought materials and employed contractors. I haven't seen anything that persuades me that any of the three payments Mrs and Mr M have highlighted were obtained for a purpose other than the one agreed with Mrs and M either.

I've also thought about whether Handelsbanken should've done anything else to protect Mrs and Mr M. I haven't been provided with any evidence that shows me Handelsbanken spoke to Mrs and Mr M about the payments before they were made but I'm not going to go into detail on this because, given that I'm supportive of Handelsbanken's decision to conclude this is a private civil dispute, there isn't any basis upon which any further intervention ought reasonably to have caused concern with the payments. So, I can't fairly criticise Handelsbanken for not having done more in these circumstances.

I know this decision will be a huge disappointment to Mrs and Mr M but I can't reasonably say that this situation meets the definition of an APP scam. I have every sympathy for the position they have found themselves in and what I have said here doesn't mean they don't have a legitimate grievance against J. It's clear they have been treated poorly whilst in a vulnerable position. But for the reasons I've explained, I don't think their circumstances meet the high legal bar for this to be a scam and therefore I don't think it was unfair for Handelsbanken to take the view that their circumstances amount to a private civil dispute. For these reasons, it wouldn't be fair for me to hold Handelsbanken responsible for the money they've lost now.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 13 February 2026.

Emly Hanley Hayes
Ombudsman