

The complaint

Miss T, on behalf of Q, is unhappy Lloyds Bank PLC ('Lloyds') has decided not to refund the money she lost, to what she believed was an Authorised Push Payment ('APP') scam.

While the complaint was made from Q's account with Lloyds, Miss T made the payment – so for ease of reading within this decision, I will refer to Miss T throughout.

What happened

The details of this case are well-known to both parties and have been set out in detail by our Investigator, so I don't need to repeat them at length here.

In summary, Miss T paid for a stall at an event, and she paid £40 to the account organiser whom I'll call Mr H.

Miss T was turned away from the event – as Mr H said stalls needed to be set up at 8.30am and Miss T had turned up at around 10.00am and the public were already in attendance. Miss T wasn't refunded and believes Mr H had scammed her.

Miss T subsequently reported the matter to Lloyds. Miss T also raised dissatisfaction about the service she was provided with by Lloyds and raised concerns about her account also – which included access to the account and fees incurred.

Lloyds didn't consider it was liable to reimburse the £40 payment Miss T had made but acknowledged the service it provided fell short and paid £50 for the service it had provided Miss T.

Unhappy, Miss T referred the matter to our service. One of our Investigators reviewed the matter. In short, they didn't uphold the complaint. They considered the matter was a civil dispute between Miss T and Mr H and therefore didn't consider Lloyds was liable to refund Miss T. They also considered that, while there were some frustrating elements reporting the matter and confusion around Miss T's account, the compensation offered by Lloyds was fair.

Miss T disagreed and has asked for an ombudsman's review as the final stage of our process.

So, as the matter hasn't been resolved, it's been passed to me to decide.

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'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here – which is whether Lloyds acted fairly in its answering of the complaint. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

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.

Having thought carefully about Lloyds' actions, I don't uphold Miss T's complaint. I do appreciate this will be disappointing for her, but I don't think Lloyds has acted unfairly in its answering of the complaint. I'll explain why.

The starting position in law is that Miss T will generally be considered liable for authorised payments. It's accepted that she authorised the payment in dispute and so she is liable for it in the first instance. At the time Miss T made the disputed payment, Lloyds was signed up to the Lending Standards Board – Contingent Reimbursement Model ('CRM') Code. The CRM Code provided additional protection from APP scams, but only in certain circumstances.

DS2(2)(b) of the CRM Code says it doesn't apply to:

“private civil disputes, such as 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”

Lloyds, and subsequently our Investigator, deemed the matter to be a civil dispute between Miss T and Mr H.

Having reviewed all the information and evidence provided, I don't think it was unreasonable for Lloyds to consider this a civil matter rather than a scam. Here, Mr H was the organiser of an event and Miss T had paid for a stall. The evidence provided of the messages between Miss T and Mr H shows that Miss T was not allowed to set up her stall / turned away from the event due to late arrival – with Mr H citing that the public were already in attendance and the council were on site also. So, Mr H advised he couldn't permit Miss T to drive onto the field – due to the health and safety implications and stating that it was likely the event could be shut down or that the liability for any resulting accident would be his responsibility.

When I take that into consideration, I can't fairly and reasonably conclude that Mr H set out to scam Miss T. There is no question the event existed, and the evidence suggests Mr H's actions in not allowing Miss T to proceed and set up her stall were not unreasonable or implausible. And had Miss T turned up to the event on time – I find it more likely than not that she would have been allowed into the event and to set up her stall. While Miss T has said there wasn't terms and conditions provided, I don't find that that is indicative of a scam. It seems reasonable for a start time to be given for an event and that any individuals setting up stalls would be required to attend prior to the event opening to the public – especially when that can involve vehicles moving goods, tents/gazebos, stalls etc...

And I appreciate Mr H declined providing a refund to Miss T – but that doesn't mean he set out to scam her and the dispute she has about obtaining a refund is a dispute between her and Mr H.

Taking everything into consideration, I'm satisfied the CRM Code doesn't apply, and I can't fairly ask Lloyds to refund the money Miss T considers she is owed.

I'm also satisfied that there wasn't anything else Lloyds could have done to either prevent the loss when Miss T initially made the payment or recover any funds. I say this because the payment wasn't remarkable enough or out of character to such an extent whereby I would expect Lloyds to have concerns about it and intervene. And I'm mindful that it was a legitimate event that had been organised. And as the payment wasn't made by debit or credit card, the various schemes available that offer protection to those methods of payments weren't available to Lloyds or Miss T either.

With regard to the level of customer service Miss T received. Lloyds accepts Miss T was kept on the phone longer than she should have been and was passed through multiple departments. And it acknowledged that Miss T was unhappy with her visit to the branch to make the payment. So, it has offered £50 to reflect the service provided.

Whenever things go wrong, there is always an element of having to take some steps to put things right, so naturally there will be an element of inconvenience. And any award I would make wouldn't be intended to punish a business – but to reflect any unnecessary distress and inconvenience caused. Reporting or disputing a transaction, can take time – and here as Miss T was unclear as to the method of payment or from what account it was made. So, it added to the length of the call time overall. But logging the claim shouldn't have reasonably taken as long as it did, and Miss T was therefore on the phone for longer than she should have been and was passed to different departments which could have been avoided. And Lloyds could have been clearer in its explanations around the protections in place for the various payment methods. However, Lloyds offer of £50, to my mind, reflects the inconvenience of the additional time Miss T was required to spend in reporting the matter.

With regards to the trouble Miss T experienced logging into her accounts, I can see that in June 2024 she was assisted over the phone in re-setting her password and memorable information which allowed access to both her personal and business accounts. So, I don't think the issues Miss T faced in not being able to access her account(s) prior were as a result of any failings by Lloyds.

I am also mindful Miss T has also had the business account and the use of it – and while she may not have used it as much as she intended due to her personal circumstances, I don't find that Lloyds would therefore be liable to reimburse any charges that the business account occurred. It was ultimately up to Miss T to decide whether she wished to continue with the account if she thought it might be used once her business got up and running, or alternatively, decide whether she wanted to close the account if she didn't feel it was of use to her and wasn't to be used for an extended period.

I appreciate that Miss T considers the branch staff, at the time of making the payment were rude/stand-offish and not helpful – but I can see that when Miss T raised her concerns about what had happened, Lloyds advised that it would provide feedback to the branch and also upon notification of any branch colleague names, specific colleague feedback would be provided. I think Lloyds' complaint handler was empathetic to what Miss T experienced and how it made Miss T feel and wanted to ensure that appropriate feedback was given. So the concerns were noted and feedback provided, and that seems fair overall.

Overall, Lloyds offer of £50 and its apology and recognition that its service fell below what it expects seems fair.

I realise that my decision will be disappointing for Miss T. I know she feels strongly about the actions of Mr H. But overall, for the reasons I've explained and based on the evidence available, I can't fairly or reasonably ask Lloyds to refund the money Miss T considers she is owed. I consider Lloyds were fair in considering the matter a civil dispute which isn't covered by the CRM Code. It is therefore something that needs to be resolved between the two parties through alternative methods. I'm also satisfied that Lloyds offer of £50 for the service Miss T experienced is fair. And I don't award any additional compensation.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Q to accept or reject my decision before 27 November 2025.

Matthew Horner
Ombudsman