

The complaint

Miss W complains that Lloyds Bank PLC ('Lloyds') declined to reimburse £6,207 which she says she lost as a result of a scam.

What happened

The circumstances of this complaint are well known to both parties, so I will not go into every detail of what happened here. But in summary, Miss W wanted to buy a steel barn. Her neighbour had one, so she noted the name of the company on it and found it online. She placed an order and was told that production and dispatch would take a week or two. All Miss W received was some bolts, She looked into the business again and discovered that the barn was no longer being built, and that there was not enough steel onsite to build hers. She contacted the company, who said it could take a several months for her to get the barn. Miss W was not happy, so asked for a refund. The company did not refund her, nor did they return her correspondence.

Miss W tried to gain a refund via small claims court, but the company requested mediation which was going to be too costly. So Miss W complained to Lloyds. Lloyds considered her complaint but declined to refund her losses. It said that the scenario amounted to a private civil dispute, rather than a scam, so concluded that it was not responsible for reimbursing Miss W.

Unhappy with Lloyds response, Miss W escalated her concerns to this service. One of our investigators looked into what had happened and did not recommend that Miss W's complaint should be upheld. They agreed with Lloyds that this amounted to a civil dispute rather than a scam, and so said that Lloyds were not required to reimburse her.

Miss W remained dissatisfied, so the case has 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.

Having reviewed the evidence provided to me, I agree with the outcome reached by our investigator, for largely the same reasons, and so I won't be upholding this complaint. I'll explain why in more detail below.

The APP Scam Reimbursement Rules

The Payment Systems Regulator introduced the APP Scam Reimbursement ("ASR") rules on 7 October 2024 to reimburse consumers who are the victims of APP scams in certain circumstances. However, the rules only apply where the customer has been the victim of an APP scam, which the rules define 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”*

Private civil disputes are not covered by the rules. 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.”

The Payment Systems Regulator in its published policy statement PS23/3 gives 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.”

It provides an example of when this might apply:

“...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.”

Miss W paid the company which she had intended to pay, and so I need to determine whether Miss W was deceived about the purpose of the payment she made. Miss W paid the company to have a steel barn fabricated and delivered. The company did not fulfil Miss W’s order, so I need to consider whether the evidence suggests that at the time of the payment, it accepted the payment with no intention to fulfil Miss W’s order. And having done so, I do not think there is enough evidence to conclude that the company never intended to act in line with the agreement that had been made. I’ll explain why.

- Whilst it is clear that the company failed to deliver Miss W’s goods, it does appear that she paid a legitimate company. Miss W’s neighbour had a steel barn from the company – so it is clear it had previously been able to deliver on agreements it had made.
- Whilst I cannot divulge too much information for data protection reasons, I have had the opportunity to review information from the company’s bank about its account. Having done so, I have not seen anything to evidence that they were undertaking scam behaviour.
- It did appear that the company did contact Miss W after it received her money – albeit that this ended shortly thereafter.
- It did also send some parts to her, which she confirmed she received. So, it is possible that they had intended to fulfil the order but that something had prevented it from doing so in the timeframe agreed.
- I’ve not seen evidence of any criminal investigation into the company.

So considering all of this, I have not seen enough evidence to conclude that the company and Miss W did not have the same intentions at the point of the payment, and so I cannot safely conclude that what happened to Miss W meets the high bar to consider it a scam. And

so, I am satisfied that Lloyds did not act unfairly in determining what happened to Miss W as a civil dispute rather than a scam. And so, it follows that I think it was reasonable that they did nothing wrong by declining to reimburse Miss W under the provisions of the ASR code.

As Lloyds did not consider this to be an APP scam, it did not need to contact the recipient account provider. There are some circumstances in which I would expect Lloyds to intervene with a payment, including if it had reason to suspect that Miss W could be at risk of fraud or financial harm. However, even if I were to conclude that it should have intervened with this payment, I do not think intervention would have prevented Miss W's financial loss here. If it had asked her probing questions about the reason for the payment, I think the answers she would have given about how she found the company, and the details of what she was paying for would have been persuasive enough to have led Lloyds to conclude that she was not at risk of falling victim to a scam. And so, I do not think intervention could have prevented Miss W's loss here. I have seen no other reason to recommend that Lloyds should offer Miss W a refund of the amount she paid for the barn. I am satisfied therefore, that Lloyds acted correctly when it considered Miss W's claim and I won't be asking it to do anything further now.

I am sorry as I know this will come as a disappointment to Miss W. I was very sorry to read of the impact this has all had on Miss W, and I do not mean to say that the company have not acted badly towards her.

My final decision

I do not uphold this complaint and therefore require Lloyds Bank PLC to do nothing further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 12 December 2025.

Katherine Jones
Ombudsman