

## **The complaint**

Mrs A complains that Lloyds Bank Plc won't refund the money she says she lost to a scam.

## **What happened**

Mrs A knew an individual I will call Mr R, who she was aware bought and sold cars at auction. Mr R had previously worked with Mrs A's brother, Mr A. Mrs A was looking for a new car and Mr R had one he wanted to sell, this was a car that Mrs A's brother had previously borrowed and that Mrs A was familiar with. Mrs A agreed to buy the car for £4,000 and Mr R, who it seems was overseas at the time, said that he'd left the keys with a friend who would pass them to Mrs A and that the car's V5 was with his wife.

On 18 November 2024 Mrs A made a payment of £4,000 to Mr R. Mr A then chased Mr R up for the keys and V5. When these were not received within a few days Mrs A and Mr A sought advice of the police, who confirmed that they could get new keys cut for the car.

Shortly afterwards Mr R got in touch with Mr A to say that he actually was not allowed to have sold the car, as it had outstanding finance and the finance company had told him it could not be sold. It appears that Mr A looked into whether Mrs A could buy the finance from Mr R, but found she could not. Mr R said he would refund Mrs A's money if she returned the car.

Mrs A contacted Lloyds in early December 2024 to say that she believed she had been the victim of a scam, Lloyds incorrectly closed the complaint at that time without issuing any final response. In early 2025 the vehicle was repossessed from Mrs A by the finance company, which claimed it was still the legal owner of the vehicle.

Mrs A raised her concerns via our service and as a result Lloyds looked into what had happened and issued its final response in May 2025. Lloyds said that it did not consider it was liable for Mrs A's loss as it considered this matter to be a civil dispute rather than a scam. Lloyds did though pay Mrs A £115 to recognise the poor handling of her claim.

Unhappy with Lloyds' response, Mrs A brought her complaint to this service and one of our investigators looked into things. But they agreed with Lloyds that, based on what we currently know, this was most likely a civil dispute, and so Mrs A was not entitled to a refund of the payment she had made. Mrs A remained unhappy, she maintains that she has been the victim of a scam and that Mr R was not legally allowed to sell this vehicle to her.

As the case could not be resolved informally, it's been passed to me for a 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.

Having done so and having thought very carefully about Lloyds' actions, I agree with the findings set out by our investigator. I do appreciate how disappointing this will be for Mrs A

but, whilst I'm sorry to hear of what's happened, I don't think I can fairly hold Lloyds liable for her loss.

When considering what is fair and reasonable in this case, I've thought about the relevant rules that were in place at the time this disputed payment was made. From 7 October 2024, Payment Services Providers in the UK, like Lloyds, have been bound by the Faster Payments Scheme (FPS) and the CHAPS reimbursement rules. Under these rules, most victims of Authorised Push Payment (APP) scams should be reimbursed – but “private civil disputes” are not covered.

I've therefore considered whether what has happened between Mrs A and Mr R meets the reimbursement rules' definition of an APP scam or could more reasonably be classed as a civil dispute. The rules 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”*

By contrast, a private civil dispute is 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”*.

So, in order to consider what has happened here as an APP scam, I would need to be satisfied that it involves criminal deception. The evidence for this would therefore need to be convincing.

Mrs A paid Mr R, and I've seen nothing to suggest that he was not the person she intended to pay. So, Mrs A cannot be said to have paid a recipient she did not intend to pay, as per the definition above.

Mrs A's purpose for the payment was to buy a car from Mr R, and she did receive that vehicle. However, I appreciate that there are various issues surrounding the sale of the car which have caused Mrs A to doubt Mr R's motivations. The main concern here is that the car had outstanding finance and so Mr R was not entitled to sell it. There are also concerns around whether Mr R also tried to sell the car to another individual, and Mr R's failure to provide the keys or V5 for the vehicle.

But having thought very carefully about all that Mrs A has said, and about the evidence provided by all parties to this complaint, I'm not persuaded that I can safely say with any certainty, based on what I know and what the evidence shows, that Mr R set out with an intent to defraud Mrs A, or did not intend to fulfil the purpose he had agreed with Mrs A for the transaction.

I say this for the following reasons:

- While it does seem that Mr R was aware the car had outstanding finance, it is not clear whether he knew that meant he was not able to sell it when he took payment from Mrs A.
- Mr R reached out to Mrs A to say that he could refund Mrs A's funds if she returned the car.

- It appears that Mr R and Mrs A explored the possibility of her taking over the finance on the vehicle.
- While I note what Mrs A has said about a third party claiming Mr R had also sold them the car we have no real evidence of this, nor can we be sure that this was as a result of any malicious intent on Mr R's part rather than the third party attempting to take advantage of the situation.
- The finance company has refused to share any information about the finance agreement, and we have no information about when the car was sold to Mr R, so we can't be sure whether he took out finance on the vehicle himself or bought it with finance already in place.
- There were issues with Mrs A getting hold of the keys and V5 for the vehicle, but I don't think there is clear evidence to show that was as a result of an intention to deceive rather than poor organization on Mr R's part.

I acknowledge that there were issues with the vehicle, and that ultimately Mrs A has been left out of pocket, and I'm not saying that there is no issue between Mrs A and Mr R, clearly there is. But that does not mean that it would be fair to hold Lloyds liable for Mrs A's loss. Neither Lloyds nor this service is in a position to forensically analyse Mr R's actions; we must consider the evidence that is before us. And, in doing so, I've not seen persuasive evidence at this time to show that Mr R set out to defraud Mrs A.

I know this will be a huge disappointment to Mrs A. I appreciate how strongly she feels about this case, and that what has happened here has had a significant impact on her. But for the reasons I've explained above, I do not consider that it was unreasonable for Lloyds to decline Mrs A's claim under the relevant reimbursement rules.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 11 December 2025.

Sophie Mitchell  
**Ombudsman**