

## **The complaint**

Mr O complains that Lloyds Bank PLC won't refund the money he says he lost to a scam.

## **What happened**

Mr O was browsing Auto Trader for a new car. He came across one that met his needs and the listing claimed the car was in good condition. Mr O made contact with the dealer that was listed as selling the car and went to view it. Mr O says he was surprised that this meeting took place in a residential area rather than at a business premises.

Mr O decided to buy the car and again was told to meet the dealer in a residential area for the exchange. Mr O inspected the vehicle and identified some minor concerns, but agreed to go ahead, he paid £2,450 from his Lloyds account to the car dealer.

However, on driving the car away it began to smell strongly of fuel, and the engine began to smoke. Mr O took the car to a garage, who said it was not fit to drive. Mr O says he has tried to contact the car dealer, but their information on Auto Trader does not appear to be accurate, and he has been unable to get hold of them.

Mr O contacted Lloyds to say that he believed he had been the victim of a scam. Lloyds looked into what had happened but did not consider it was liable for Mr O's loss as it considered this matter to be a civil dispute rather than a scam.

Unhappy with Lloyds' response, Mr O brought his 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 Mr O was not entitled to a refund of the payment he had made. Mr O remained unhappy, he maintains that he has been the victim of a scam and that he was sold a car that was dangerously defective.

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 Mr O but, whilst I'm sorry to hear of what's happened, I don't think I can fairly hold Lloyds liable for his 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 Mr O and the car dealer 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.

Mr O paid the car dealer, and I've seen nothing to suggest that he was not the account he intended to pay. So, Mr O cannot be said to have paid a recipient he did not intend to pay, as per the definition above.

Mr O's purpose for the payment was to buy a car from the dealer, and he did receive that vehicle. However, I appreciate that there are various issues with the car which have caused Mrs A to doubt the car dealer's motivations. The main concern here is that the car was in such a poor condition that it is unsafe to drive, contrary to what the advert for the car said.

But having thought very carefully about all that Mr O 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 the car dealer set out with an intent to defraud Mr O, or did not intend to fulfil the purpose it had agreed with Mr O for the transaction. I can't share details of what I've seen, but I'm aware that the car dealers' bank has said it has no fraud concerns about the dealer, and that their account runs as one would expect for a business involved in the sale of vehicles. And while it is certainly possible that Mr O was misled to some degree about the condition of the vehicle, it is also possible that the dealer simply did not realise the extent of the faults.

I acknowledge that there were issues with the car, and that ultimately Mr O has been left out of pocket, and I'm not saying that there is no issue between Mr O and the car dealer, clearly there is. But that does not mean that it would be fair to hold Lloyds liable for Mr O's loss. Neither Lloyds nor this service is in a position to forensically analyse the car dealer'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 the car dealer set out to defraud Mr O.

I know this will be a huge disappointment to Mr O. I appreciate how strongly he feels about this case, and that what has happened here has had a significant impact on him. But for the reasons I've explained above, I do not consider that it was unreasonable for Lloyds to decline Mr O'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 Mr O to accept or reject my decision before 19 March 2026.

Sophie Mitchell  
**Ombudsman**