

The complaint

T, a sole trader, has complained Lloyds Bank PLC didn't refund them after making payments to a building company in 2024.

What happened

Mr T operates T as a sole trader. In 2024 he was looking to have some building work carried out. He looked online and found a company, I'll call A. He contacted them to discuss the works. A representative – who A engaged to carry out preparatory groundwork – visited Mr T. A customer order form detailing the work and two invoices for the two extensions Mr T was having built were provided. Mr T made four payments from T's account in May 2024. One for £1,160 to the representative for the groundwork and three other payments, £5,000, £1,300 and £9,750, as initial deposits for the two invoices.

Despite Mr T expecting groundwork to start within a couple of weeks, nothing happened. Mr T was unable to get in touch with A again. He subsequently learnt that A had either gone bust or the directors had disappeared. He asked both A and their representative for the deposits to be returned but no money was ever refunded to T.

Mr T took T's complaint to Lloyds who held T's account. Lloyds told T they wouldn't be refunding them as there was no obligation to do so. It didn't feel these payments fell under the Contingent Reimbursement Model code as this more resembled a buyer-seller dispute.

Mr T brought T's complaint to the ombudsman service.

Our investigator reviewed what happened. He wouldn't have expected Lloyds to intervene in the authorised transactions T made, as these wouldn't have been sufficiently unusual. He wasn't going to ask Lloyds to do anything further.

Mr T remained unhappy at this outcome as he believed T had been the victim of a scam and should be refunded. He asked an ombudsman to consider T's complaint.

I completed a provisional decision on 28 January 2026. I confirmed that Lloyds aren't required to refund T under the existing regulations that apply to these payments.

Neither party responded. I am now in a position to complete 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.

Having done so, I'm not going to uphold T's complaint. As neither party responded to my provisional decision, my reasoning below remains the same.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light

of the evidence.

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

The regulations which are relevant to T's complaint are the Payment Services Regulations 2017 (PSRs), along with the Contingent Reimbursement Model code.

There's no dispute from any party that T authorised the four disputed transactions. At the time Mr T believed he was paying deposits for services T would soon be receiving. It was only later Mr T discovered T wasn't the only company who'd been deceived into sending money to A. He's provided us with evidence from other individuals who he's subsequently been in touch with. I note some of these may have received refunds from their banks for payments made but I have no indication on what basis these decisions were made.

At the time T made the payments, A was an operating company. T had received a customer order form setting out the works that would be done. This confirmed materials to be used, measurements for the works and other aspects to be taken into account. Therefore, I think, that at the time, this does indicate that A was a going concern.

I know Lloyds has stated that A had been registered as a limited company for over a year so therefore that suggested it was bona fide. I'd just say that it's not that difficult to register a limited company with Companies House. A small payment is mostly all that's required. I wouldn't use that as the measurement to assess whether A was properly conducting business.

That said, Lloyds has reviewed whether other customers, they have, had conducted business with A. They found a considerable number that had done so and had no indication that there'd been any other complaints suggesting A was working a scam.

I'm inclined to believe – in the absence of any other evidence – that A was a genuine company at the time T engaged them to carry out works. For whatever reason – and this may have been monetary issues as wouldn't be at all unusual for building firms – A was then unable to complete the works. I'm not convinced they deliberately scammed T.

Therefore, under the relevant code, there is no requirement on Lloyds to refund T.

Like our investigator I've also gone on to consider whether T could have reasonably expected Lloyds to have identified the payments they made as requiring intervention. I don't see why that would be the case when I take into consideration the use that T normally made of their account. I also believe that if Lloyds had felt that questions needed to be asked, Mr T would only have confirmed that he was having building works carried out and was paying deposits. No further intervention would have resulted. As Mr T had no reason to doubt what A was doing at this stage, I don't think any action Lloyds took would have caused him to do anything different.

I appreciate that T has lost considerable funds and Mr T genuinely feels they've been scammed. However, the evidence about what happened isn't clearcut and under those circumstances, it wouldn't be fair to ask Lloyds to do anything further.

My final decision

For the reasons given, my final decision is not to uphold T's complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 12 March 2026.

Sandra Quinn
Ombudsman