

The complaint

Mrs W complains that Lloyds Bank PLC (“Lloyds”) won’t refund her money, which she believes she has lost to a scam.

What happened

The background to this complaint is well known to all parties, so I won’t repeat it in detail here. But in summary, I understand it to be as follows.

In or around June 2025, Mrs W was looking to have some building work carried out on her property. She found a builder, who I’ll call “T”, through an advertisement on a well-known online marketplace for tradespeople. Mrs W has said T was recommended and there were positive reviews about their work.

Mrs W contacted T, who attended Mrs W’s property and provided a quote, following which Mrs W agreed for T to carry out the work. Between 20 June 2025 and 3 July 2025, Mrs W made three payments to T, totalling £5,300, from the account she holds with Lloyds.

However, Mrs W has said that T didn’t complete all of the work for which she had paid. She’s said minimal work was completed and what was completed was of poor quality. She added that most of the materials she had paid T for were never delivered.

Believing she’d fallen victim to a scam, Mrs W raised the matter with Lloyds, but it did not consider it was liable for Mrs W’s loss. In summary, this was because it thought what had happened was a civil matter.

Unhappy with Lloyds’ response, Mrs W brought her complaint to this service. One of our Investigators looked into things. But they agreed with Lloyds, that this was most likely a civil dispute, and so Mrs W was not entitled to a refund of the payments she had made.

Mrs W didn’t agree with our Investigator’s view, she maintained that what had happened was a scam. In summary she said;

- T presented a false and misleading representation of the services he would provide.
- The standard and amount of work carried out was minimal and negligible compared to what was paid.
- Communication stopped after the final payment was received.
- T exploited her vulnerability to gain trust.
- Videos and photographs were staged to trick her into believing that more work had been carried out, than actually had been done.
- Lloyds didn’t handle the complaint as it ought to have.

As agreement couldn’t be reached, the complaint has been passed to me for 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.

I'm very 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. 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.

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 W 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 the disputed payments were 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 ("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 W and T meets the Reimbursement Rules' definition of an APP scam or could more reasonably be classed as a civil dispute. The Reimbursement 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."

In its published policy statement PS23/3, the Payment Systems Regulator gave 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."

2.5 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."

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.

The allegation of fraud is a serious one and the threshold for establishing fraud is a high one. In criminal proceedings, the standard of proof is “beyond reasonable doubt”, but this service assesses cases using the civil standard of proof, which is based on the balance of probabilities. Under this standard, a finding of fraud must be more likely than not. Even so, the bar remains high. It is not enough for fraud to be a compelling or persuasive explanation, nor is it sufficient for it to be the most likely among several possible explanations. It must be more probable than the opposite conclusion — i.e., that fraud did not occur.

I can certainly see why Mrs W is aggrieved by the actions of T, and I understand why she thinks T has scammed her. But having carefully weighed up all the available evidence, I’m not persuaded it’s more likely than not that T set out with the intent to defraud Mrs W from the outset. I’ll explain why.

There is no dispute here that Mrs W paid the person she intended on paying, T, so the first part of the APP scam definition doesn’t apply here. I’ve therefore gone on to consider whether, as a result of dishonesty, the payment was made for a purpose other than Mrs W intended. In order to be satisfied Mrs W has fallen victim to an APP scam, I need to be persuaded T set out to defraud her.

Simply failing to provide services/materials that have been paid for won’t be enough to show that what happened was an APP scam. That’s because the key issue is whether T’s intention at the time of the payment was to defraud Mrs W, and any other reasons for T not carrying out the service might not mean that was always what had been intended.

Here, the purpose of the payments was to complete building work. Mrs W has said that all the work wasn’t completed and what was completed was of poor quality – and all of the materials paid for, weren’t received. However, it is clear from the evidence that T did attend Mrs W’s property, and it doesn’t appear to be in dispute that some work was carried out. So, while I don’t doubt what Mrs W has said, in that all of the work agreed hasn’t been completed, the quality of what was done was poor and that materials haven’t been received, the evidence doesn’t support that T deceived Mrs W about the very purpose of the payments (that being for the provision of building work).

Alongside this, whilst I can’t go into specific details due to data protection reasons, information I’ve seen from the beneficiary bank (the bank to which the faster payment was made) supports that T didn’t have a different intention for the money that was received. Activity on the account demonstrates transactions that are consistent with the account being used by somebody carrying out work in the building trade. I’m also aware that there had been no other reports raised about the beneficiary account. Typically, if somebody were running a fraud, you’d expect to see other concerns raised – but that isn’t the case here.

I am mindful that Mrs W has highlighted some issues which might suggest T wasn’t acting as I might expect a professional tradesperson to do. Such as sending photographs/videos that didn’t truly show the extent of the work completed, that they stopped communication following the final payment, that they misled her about what work would be completed and that T changed their identity on social media. I acknowledge that while this may demonstrate that T is of poor character and unscrupulous, it does not necessarily show, in the individual circumstances of this case, that there was an intent to defraud. There are many reasons, other than fraud, why a tradesperson may fail to meet their commitments. They may act unprofessionally or may get into financial or personal difficulties. But it doesn’t automatically follow that this demonstrates an intent to defraud.

I also accept these behaviours can be hallmarks of a scam, but there are other possible reasons for them being present. I need to weigh up what I think is more likely than not to have happened here and whether T set out to defraud Mrs W. Of course, I can’t know for

sure what was intended, particularly in the absence of any direct contact and testimony from the third party involved – T. I don't have the power to compel evidence from T (unlike say the police or Trading Standards). Instead, I need to make my decision based on the evidence that is actually available to me and considering whether I think that evidence shows fraud is the most likely of the possible outcomes (in other words, applying the balance of probabilities).

Mrs W has said T apologised for the lack of progress and made excuses in relation to why there were delays, such as T saying they had issues at home. While these may have been excuses and lies, they may also have been legitimate reasons for the delay in the works. Overall, it's difficult to conclude from the evidence that from the outset T had no intention to complete the work. Though I accept it's frustrating when works don't go to plan. Unfortunately, this is a common feature even in legitimate building arrangements.

I understand that Mrs W has said she reported the matter to Action Fraud. But I've not seen any evidence to suggest that any substantive lines of enquiry are being pursued against T, nor that any charges have been brought. While I'm mindful it isn't necessary for a criminal conviction to have been secured or for charges to have been brought for what happened here to meet the Reimbursement Rules definition of an APP scam - the fact that the relevant authorities appear not to be pursuing a substantive investigation into the allegations raised by Mrs W suggests to me that the evidence presented does not, on its own, currently carry sufficient weight to support a finding of fraud.

As I have explained, in order to find T did intend to defraud Mrs W, I'd need to see convincing evidence to show fraud is the most likely explanation over any other possibilities. That includes the possibility that T set out with the intent to undertake and complete the work in good faith, but circumstances changed and ultimately the relationship between Mrs W and T broke down. There is also the possibility that T engaged in poor practices, such as being unprofessional, poorly organised and incompetent. But based on the evidence I've seen, on balance, I'm currently unable to conclude T had the intent to defraud and that Mrs W fell victim to an APP scam.

I want to be clear that I am not ruling out the possibility that Mrs W has been the victim of fraud here and in the individual circumstances of this case it is finely balanced. But with the evidence currently available, I can't safely say that fraud is the most probable explanation, over any other, as to why things have gone wrong.

I understand Mrs W was also unhappy with how her claim was handled by Lloyds. However, I note that Lloyds did provide Mrs W with referral rights to this service and also invited her to send in supporting evidence. While I understand it must have been frustrating for things to have not moved forward as quickly as Mrs W would have liked, I can see that Mrs W has said Lloyds apologised for the delay. Overall, I'm pleased to hear that Lloyds have apologised, and, in the circumstances of this case, I wouldn't have asked them to do any more. In saying this it is also important to remember that the main cause of what has happened here is T.

I don't intend any comments or findings I've made in this decision to downplay or diminish the impact these matters have had on Mrs W, and I don't underestimate her strength of feeling, and I understand that this has been an extremely difficult time for her. But in the circumstances, having carefully considered everything, I don't find Lloyds were wrong to decline Mrs W's claim when considering the Reimbursement Rules. Neither do I find there were any other failings on Lloyds part that would lead me to uphold this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 13 May 2026.

Stephen Wise
Ombudsman