

The complaint

Miss G complains that Lloyds Bank PLC won't reimburse money she says she lost to fraud.

What happened

As the circumstances of this complaint are well-known to both parties, I have summarised them briefly below.

Miss G saw a vehicle advertised for sale on a website that she was interested in purchasing. She contacted the seller and arranged a viewing of the vehicle. Satisfied with it, Miss G made a transfer of £2,150 from her account held with Lloyds to the seller.

After Miss G took possession of the vehicle, she found it to have faults and requested that the seller provide a refund. The seller refused and ceased communication.

Miss G believed she was the victim of fraud, so she reported the matter to Lloyds asking it to reimburse her loss. But its investigations found that Miss G likely hadn't been a victim of fraud. It therefore found that it had no liability in reimbursing her loss.

Miss G was unhappy with that outcome, so she referred her complaint to this service for an independent review. But after considering the evidence provided, an Investigator agreed with Lloyds' position that Miss G had not likely been the victim of fraud. They therefore found that Lloyds were fair in rejecting Miss G's claim.

Miss G disagreed with that assessment, so the matter has now 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.

In deciding what's fair and reasonable in all the circumstances of a complaint, 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 time.

There is no dispute here that Miss G authorised the transaction in question. And the starting position in law is that she will be held liable for the transaction authorised in the first instance. That is due to Lloyds' primary obligation to process payments in line with its customer's instructions, as set out in the Payment Services Regulations 2017.

However, a relevant consideration in this case is the Reimbursement Rules which came into force on 7 October 2024 and apply to all UK-based payment service providers.

The Reimbursement Rules put a requirement on firms to reimburse authorised push payments (APP)—where the payer has been a victim of fraud—that were processed via the Faster Payments Scheme, in all but very limited circumstances.

And the Reimbursement Rules set out the requirements for a payment to be covered. They state:

“...It must have been made as part of an APP scam (whether to a recipient or for a purpose other than the payer intended);”

An APP scam is further defined 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 Reimbursement 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.”

Lloyds argues that this matter is a private civil dispute, whereas Miss G argues it is an APP scam. I must therefore decide on the balance of probabilities which I find to be the more likely.

What is not disputed in this case is that Miss G did receive a vehicle in exchange for the payment made. And while that was the vehicle that was advertised online, and that Miss G viewed before purchasing, Miss G asserts that there were misrepresentations made regarding the vehicle’s quality prior to the point of purchase.

However, having looked at the evidence Miss G has provided, I am unable to agree with her position. She has mentioned a mis-categorisation of the car on the advertisement, but research online reveals that the category advertised, and the one she was told by the mechanic it was in, are in effect the same category. She has also provided photographs of materials inside the engine holding a battery in place. But Miss G viewed the car before purchasing it and to my knowledge was not forbidden from looking at any part of it, so this couldn’t have been concealed prior to purchase or misrepresented in any way.

Miss G has also made reference to several behaviours displayed by the seller that has led her to conclude that they were more likely than not committing fraud, such as a different person meeting her at the car viewing than the one she was corresponding with via text, the promise of a warranty period which was not honoured, and the provision of fabricated evidence by way of a screenshot that showed a refund paid.

I have read carefully the messages between Miss G and the seller and find that many of these points have been addressed by the seller. They had already informed Miss G that it was their brother that had attended the viewing on their behalf—something I do not find unusual or suspicious—, and the seller noted that their brother had mentioned the warranty, not her, which I am inclined to believe considering no warranty was mentioned in the advertisement description that Miss G has provided. I am unable to verify whether the screenshots Miss G has been provided have been fabricated or not. But even were I to find that these were, I still would not conclude that Miss G’s circumstances meet the definition of an APP scam.

Miss G had viewed the car prior to purchase and bought it in the condition she had seen it in. There is no substantive evidence that there were any false representations made about the car prior to its sale, and any faults or disputes that arose after the vehicle purchase are a separate matter. I agree that some of the behaviour displayed by the seller could be deemed unprofessional and combative, but that does not amount to fraudulent conduct.

I do understand Miss G's strength of feeling here and why she is so aggrieved. But Lloyds can only be held liable for her loss where her circumstances meet the definition of an APP scam as set out in the Reimbursement Rules. And as this matter appears to fit the definition of a private civil dispute rather than an APP scam, Lloyds were fair when it decided to reject Miss G's claim.

My final decision

For the reasons I have given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 22 May 2026.

Stephen Westlake
Ombudsman