

The complaint

Mr R is unhappy that Lloyds Bank PLC (“Lloyds”) won't reimburse him the money he paid to a company for gardening renovations.

What happened

I'm not going to cover all the points raised in detail. The view of 28 November 2025 covered the details of Mr R's testimony. But briefly in October 2024 Mr R was looking for a company to carry out gardening renovations. Mr R employed the services of a company I will refer to as O in this decision. As I understand it, he paid a deposit from another bank account. Between 11 October 2024 and 21 October 2024 Mr R made two payments totalling £9,246 from his Lloyds account.

Work commenced in September 2024 and after around seven weeks, Mr R grew concerned over the quality of work being done. Eventually Mr R asked for an independent expert to review the work which showed the work carried out by O was of poor quality. Mr R complained to Lloyds that he'd been the victim of a scam. Lloyds said this was a civil dispute between Mr R and O.

Mr R bought his complaint to this service. Our investigator did not uphold the complaint. He said the matter was a civil dispute which isn't covered by the Faster Payment System Reimbursement Rules.

Mr R didn't agree. He said that his case has been dismissed without considering the impact the situation has having on his mental wellbeing. Mr R said O had a history of questionable trading practices consequently he does not believe O is a legitimate company. Mr R feels O deployed several practices that are commonly operated by 'scam companies'. Mr R further explained several connections on Companies House which he considers supports the fact that O was operating a scam. O filed for liquidation in May 2025 and Mr R now believes O has 'phoenixed' as another legal entity. Mr R has subsequently been made aware of a number of negative reviews.

As the complaint could not be resolved informally it has 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, I've come to the same outcome as the investigator for broadly the same reasons.

I've considered everything Mr R has provided to support the complaint very carefully. If I don't mention a particular point or piece of evidence, that's not because I haven't taken it into account. It's just that I don't consider it necessary to reference it to explain my decision, which is focussed on what I consider to be the main and material issues on which this complaint turns.

I'm sorry to hear about the situation Mr R has been left in and the impact the matter has had on his mental wellbeing. It's clear that Mr R feels strongly that O tricked him. From his perspective, O did not complete what was agreed and the services that were carried out were not done so with reasonable skill and care.

I'm not deciding a dispute between Mr R and O. I don't have any power to look into a complaint about O and how it acted, or about what the director said. It isn't for Lloyds (or this Service) to investigate O or somehow prove that O wasn't operating legitimately. There may be other parties who Mr R could pursue, but that isn't within the remit of our Service. My role is limited to looking at whether Lloyds has treated Mr R fairly. Specifically, on whether it has obligations that might mean I can tell Lloyds it needs to do more to help Mr R.

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

Where I can't know for certain what has or would have happened, I need to weigh up the evidence available and make my decision on the balance of probabilities – in other words what I think is more likely than not to have happened in the circumstances.

In broad terms, the starting position in law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

In 2024, the Payment Systems Regulator required the Faster Payments scheme operator (PayUK) to change the Faster Payment Rules to require the firms that operate over Faster Payments to reimburse their customers sums paid as a result of APP (authorised push payment) scams (herein after referred to as the Reimbursement Rules) in certain circumstances. These Rules came into force on 7 October 2024.

In this case, I've considered whether the Reimbursement Rules and associated guidance issued by the PSR are relevant to the payment in dispute. Where they are relevant, I must have regard to the rules and guidance, as well as considering what is fair and reasonable in all the circumstances of the complaint.

The Reimbursement Rules set out the requirements for a payment to be covered and sets out the features and definition of an APP scam. The Rules specifically 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”*

And the Rules specifically outline that private civil disputes are not covered. 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.”

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, the Reimbursement Rules are not a general protection for consumers. Instead, they only apply in very specific circumstances – where the customer has been the victim of an APP scam. And there are a number of potential reasons (other than a scam) for the breakdown in a relationship between two parties for a dispute to exist. And unfortunately, businesses (such as O) can fail or be mismanaged such that contracts are breached and agreed goods and services aren’t provided. But that doesn’t necessarily amount to evidence of an intent to commit an APP scam.

Turning to the definition of an APP scam, Mr R paid O and this was the person he was intending to pay. So, for Mr R to have been the victim of an APP scam, I would need to be satisfied that O was acting fraudulently or dishonestly to deceive Mr R about the *very purpose* for which his payment had been procured. Here the purpose of the payment was gardening renovation services.

Mr R’s purpose was to have his garden renovated and O’s purpose was to carry out those services – so these do match. Mr R did have work done; his issues instead stem from incomplete, substandard work and a breach of the agreement (issues specifically referred to as not being covered by the Rules). Overall, O appears to have done a considerable amount more work than I’d expect from someone who never intended to carry out the work.

While some of issues Mr R has highlighted might suggest O wasn’t acting as I might expect a professional to do, acting unprofessionally does not mean someone intendeds to operate a scam. And whilst an investigation in relation to other matters might ultimately show that O is of bad character, it does not necessarily show in relation to the specific transactions carried out in this particular case that they were made to an APP scam.

Mr R has my sympathy, in that he has had issues with the services provided/not provided. I'm not saying he did anything wrong or that he doesn't have a legitimate grievance against O. But overall and on balance I don't find this situation meets the definition of an APP scam as set out in the Reimbursement Rules. This type of dispute isn't something that the Reimbursement Rules cover or that Lloyds can be held responsible for.

Consequently, I don't think Lloyds has treated Mr R unfairly when it made the decision not to reimburse him. I can't see any fair or reasonable grounds on which I could say that Lloyds should bear the responsibility of Mr R's payments, and I don't think it ought to have done more to assist Mr R in the circumstances – by intervening to prevent the payments or attempting to retrieve the payments from the beneficiary account.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 4 March 2026.

Kathryn Milne
Ombudsman