

The complaint

Miss B complains that Bank of Scotland plc trading as Halifax (“Halifax”) 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, Miss B was looking to have some building work carried out on her property. She approached a builder, who I’ll call “S”, whose van she had seen locally advertising building services. S attended Miss B’s property and provided a quote, following which Miss B instructed S to complete the work.

S started work at Miss B’s property, which I understand to have included digging out foundations and arranging for cement to be laid - with Miss B explaining that she paid for the cement separately.

Miss B has said that S then asked for a payment from her, so that materials could be purchased and the work continued. Between 6-13 June 2025, Miss B made two payments to S, from the account she holds with Halifax, totalling £10,000. The payments were made to a personal account that S held, rather than to a business account – although this was unknown to Miss B at the time.

However, Miss B has said when some bricks were delivered, she found them to be rejects and they were of a colour that didn’t match her property.

Miss B contacted S but was told that they were the builders and so knew what they were doing. Unhappy, Miss B asked for her money back, but S didn’t provide her with a refund but took the bricks back.

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

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

Miss B didn’t agree with our Investigator’s view, she maintained that what had happened was a scam. 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.

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 Halifax, 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 Miss B and S 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. Having thought about this carefully, I'm not satisfied that the Reimbursement Rules cover Miss B's payments.

There is no dispute here that Miss B paid who she intended on paying, S (albeit to a personal account, rather than to a business account), 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 payments were made for a purpose other than Miss B intended. In order to be satisfied Miss B has fallen victim to an APP scam, I need to be persuaded S set out to defraud her.

The allegation of fraud is a serious one. While I can reach my findings on the balance of probabilities (rather than beyond all reasonable doubt for example), to find S intended to defraud Miss B, I'd need to see convincing evidence to show fraud is the most likely explanation over any other possibility.

Here, the purpose of the payment was for building services/the purchase of materials. While I appreciate that Miss B has said that all of the work wasn't carried out and the bricks that were delivered were not the correct ones, it is clear from the evidence that S attended Miss B's property, and it is not in dispute that some work was carried out and that some bricks were delivered. So, while I don't doubt what Miss B has said, the evidence doesn't support that S deceived Miss B about the very purpose of the payments (that being for the supply of materials and building services).

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 payments were made) supports that S didn't have a different intention for the money that was received. Activity on the accounts demonstrates transactions that are consistent with the accounts being used by somebody carrying out work in the building industry. The beneficiary bank added that it didn't have any concerns about how the account was being operated. 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'm mindful that Miss B has said she paid a personal account, but this in and of itself doesn't demonstrate that S set out with the intent to defraud Miss B.

As well as this, at the time the payments were made, it would appear that S (or at least a company with a very similar name to what Miss B has provided, with S as a director) was registered on Companies House and seemingly had been for some time. I acknowledge that Miss B did not ultimately receive all that she could reasonably have expected. But there are many reasons, other than fraud, why a trader may fail to meet their commitments.

As I have explained, in order to find S did intend to defraud Miss B, I'd need to see convincing evidence to show fraud is the most likely explanation over any other possibility. That includes the possibility that S set out with the intent to undertake the work in good faith, but circumstances changed and ultimately the relationship between Miss B and S broke down. There is also the possibility that S 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 S had the intent to defraud and that Miss B fell victim to an APP scam. The evidence here lends itself more to the notion that a trader has set out with the intent to complete work, but that Miss B became unsatisfied with the materials that were delivered and the relationship between Miss B and S ultimately broke down - a scenario which isn't covered by the Reimbursement Rules.

I'm mindful that Miss B has said she reported the matter to the police, but as far as I'm aware, it hasn't seen fit to undertake a substantive investigation, rather it explained to Miss B that it thought this was a civil matter. I'm also aware that Miss B reported the matter to Trading Standards, who referred her to the Citizens Advice Bureau. 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 have pursued a substantive investigation into the allegations raised by Miss B suggests to me that the evidence presented does not, on its own, carry sufficient weight to support a finding of fraud.

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 Miss B, and I don't underestimate her strength of feeling. But in the circumstances, having carefully considered everything, I don't find Halifax were wrong to decline Miss B's claim when considering the Reimbursement Rules. Neither do I find there were any other failings on Halifax 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 Miss B to accept or reject my decision before 8 May 2026.

Stephen Wise
Ombudsman