

## The complaint

Mrs P complains that Lloyds Bank PLC ('Lloyds') won't reimburse the funds she lost when she fell victim to what she believed was a scam.

## What happened

The background to this complaint is well known to both parties. So, I won't repeat everything again in detail here, but in summary I understand it to be as follows:

In June 2023 Mrs P agreed with a tradesperson, who I'll refer to as "Mr S" who ran a business I'll refer to as "Company F", to carry out work on her roof and driveway.

Mrs P was interested in having solar panels fitted to her roof. But upon visiting her property, Mr S said she would need a new roof first. He said it would cost £9,500 and could start almost immediately. He showed Mrs P his website and provided details of his company and his experience. Mrs P paid him a deposit and his team started the work on 16 June 2023.

At some point, it was agreed that Mr S would also block pave Mrs P's drive – something she had intended to do. No paperwork was provided nor was a quote, but Mrs P says she was told it would cost less than £8,500 which was a quote she'd received from a different tradesperson in May 2023. Mrs P agreed, and the work on the roof and driveway was completed by 12 July 2023.

Mrs P made six payments between 15 June 2023 and 20 June 2023, transferring a total of £34,000 from her account with Lloyds to an account in the name of Mr S. Mrs P says at the time she hadn't kept track of what she had been paying and it was only later that she realised how much she'd sent Mr S. After a while Mrs P also noticed that some of the plastic end caps had come off the roof and there had been some flooding outside the back door.

Unhappy with having paid so much and noticing something was wrong with the works, Mrs P attempted to contact Mr S. She says he initially said he would look into it and refund her some money and fix what was wrong. However, Mrs P never received any further work or money from Mr S and he stopped responding to her.

In January 2024 Mrs P raised a scam claim with Lloyds and then a complaint. In its response to the complaint, Lloyds said it had considered the claim under the Contingent Reimbursement Model Code ('CRM Code'), but the CRM Code didn't apply to civil disputes. It concluded that what happened was a civil dispute because the work had been completed and Mrs P only had concerns at a later date. Unhappy with the outcome, Mrs P brought her complaint to our service.

One of our Investigators looked into the complaint. In his assessment he acknowledged that Mrs P had overpaid and received work that was of a poor standard, but he wasn't persuaded by the evidence that Mr S deceived Mrs P at the time of the payments, with no intention of fulfilling the purpose of the payments from the outset. As such, he couldn't hold Lloyds liable for the loss.

Mrs P didn't agree with the outcome and explained why. In summary, Mrs P said she was a vulnerable person, that the bank knew about her vulnerabilities and didn't stop to question why she was making the payments. Mrs P said she had paid for a new roof, which she didn't get, and was tricked into sending more money than originally estimated because Mr S took advantage of her. She has also said Mr S is no longer contactable and the addresses for the company were all false. Mrs P believes the CRM Code should apply and Lloyds should reimburse her.

As the complaint couldn't be resolved informally, it has been passed to me to make 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.

I have summarised this complaint in less detail than the parties involved. I want to stress that no discourtesy is intended by this. If there is a submission I have not addressed, it is not because I have ignored the point. It is simply because my findings focus on what I consider to be the central issues in this complaint.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must take into account what I consider to have been good industry practice at the time.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities. In other words, on what I consider is more likely than not to have happened in light of the available evidence.

Having considered everything carefully, I agree with the findings of our Investigator and I'm not upholding the complaint. I'll explain why.

First of all, I'm truly sorry that Mrs P has lost out as a result of what's happened here. I accept that she has paid a lot of money and that the work isn't up to standard. I also know that what has happened has caused Mrs P a lot of stress and upset too. But it's my role to consider whether Lloyds is responsible for her losses. I know it will be disappointing for Mrs P, but I am not recommending that Lloyds refund her here.

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

As Mrs P authorised the payments, there are a limited number of circumstances in which Lloyds would be liable to refund her, namely that she's been the victim of an authorised push payment ('APP') scam. Our Investigator explained why he didn't think Mrs P had been the victim of an APP scam. I agree with our Investigator and I'll explain why.

### **The CRM Code**

Lloyds was a signatory to the Contingent Reimbursement Model Code ('CRM Code'). Under this code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam, except in limited circumstances. But the CRM Code only applies if the definition of an APP scam as set out in it, is met.

The relevant part of the CRM Code definition of an APP scam requires that the payment was made to: *'...another person for what they believed were legitimate purposes but which were in fact fraudulent.'*

The Code also explains that it does not apply to *'private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier'*.

So in order to determine whether Mrs P has been the victim of a scam as defined in the CRM code I need to consider whether the purpose she intended for the payments was legitimate, whether the purposes she and Mr S intended were broadly aligned and then, if they weren't, whether this was the result of dishonest deception on the part of Mr S.

The broad purpose of Mrs P's payments to Mr S were to pay for the costs involved in work on her roof and driveway.

But I'm not satisfied the evidence I've seen shows that the builder intended a different purpose for the payments, or that Mrs P's and Mr S's purposes for the payments weren't broadly aligned. I've thought very carefully about this and I think it's a finely balanced matter in this case. But where the evidence available is unclear or inconclusive, I must make my decision on what I think is likely to have happened, based on the evidence I do have.

Mrs P has provided evidence that the quality of the work completed by Mr S wasn't of a good standard, though it does confirm that for the most part, the work agreed on had been completed. But, as I explained above, disputes about the quality of work are specifically excluded from the CRM code. And tradespeople can fail to complete work or complete work to a poor standard for a variety of reasons. So this evidence itself, is not sufficient to show that the builder intended to operate a scam.

Mrs P has said that she was told she needed a new roof but all that happened was her tiles were removed, new felting and battens were installed and her existing tiles replaced. The only available evidence from the time is a document signed and dated 14 June 2023 by Mrs P and Mr S. The document suggests that the main work agreed on was a full roof re-felt and batten and repointing of valleys – not a full re-tile or new roof. From the evidence provided, for the most part, that appears to be what Mr S and Company F completed.

Unfortunately there is no evidence from the time about what was discussed or agreed in relation to the driveway. Mrs P has said no price was agreed upon, but she was told that it would be less than the £8,500 she'd been quoted elsewhere. Mrs P says Mr S asked her to make payments for extra materials and to pay the workers – otherwise they wouldn't be able to complete the work. Mrs P says she didn't keep track of what she was paying and didn't realise until some time later just how much she'd sent to Mr S. Mrs P has said that she now feels Mr S took advantage of her circumstances to get more money from her than was agreed.

Mr S and his team attended Mrs P's property to complete the work between 16 June 2023 and 12 July 2023 and appear to have completed the work agreed – albeit not to a good standard. Mrs P doesn't appear to have been concerned about the work completed or the amount she paid until some months after the work was completed. And the payments were all sent to Mr S by 20 June 2023. Usually, I'd expect a scammer to do as little work as possible in order to get the maximum possible profit in the shortest period of time. But here, he requested money from Mrs P which she then sent to him after he'd started the work, and

he continued to turn up and complete the work, rather than take her money and disappear without carrying out any work, or very little work.

I appreciate that the amount of money sent to Mr S is far larger than Mrs P said she was expecting to pay. While I don't disbelieve Mrs P, unfortunately I have no way of knowing what was discussed and agreed upon or the reasons Mr S gave that persuaded Mrs P to send more money than she was expecting to pay. Considering the surveyor's report, it does sound like Mrs P was significantly overcharged for the work that was completed. But I can't say that on balance, it's more likely than not, that Mr S fraudulently deceived her into sending her the money that she did.

Mrs P has said that one of the £2,000 payments was paid to Mr S twice because he told her on the phone that it hadn't come through. The second payment was made around 10 minutes after the first. And while Mr S didn't refund Mrs P the extra payment, I can't rule out that at the time Mrs P was talking to Mr S that the payment hadn't reached, or wasn't showing in his account. Though I appreciate that he did receive it twice and didn't refund it, I can't conclude that at the time of the payment he intended to fraudulently deceive Mrs P.

We have received confidential information from the bank that Mrs P sent funds to, that I can't share because of data protection laws. But the bank has told us it hasn't received any other scam reports against the account.

I appreciate Mrs P has raised a number of issues about Company F, particularly in light of the information provided by Trading Standards about the company. And I recognise this suggests Mr S and Company F wasn't acting as I would expect a professional tradesperson to do. But acting unprofessionally does not mean he intended to operate a scam. And as explained above, Mr S did continue to turn up and he did complete the work, so the issues Mrs P has raised didn't mean Mr S didn't intend to carry out or complete the work at her property.

Mrs P has tried to raise the matter with the police and Trading Standards. As I understand it, the police haven't moved forward with a criminal investigation. And while Trading Standards has said it thinks Mr S and Company F were acting illegally, it was also not pursuing criminal charges against Mr S in relation to Mrs P's case. Trading Standards did say that it was aware Mr S and Company F were under investigation for fraudulent trading regionally and in relation to wider criminal activity. But I haven't been provided with any other information as to who is conducting this investigation, what a likely outcome may be and whether or not it would evidence that Mrs P specifically has been the victim of an APP scam.

I sympathise with the position Mrs P has found herself in. I appreciate that she paid a lot of money and that her property was left with work that wasn't up to standard, that will cost more money to rectify. I'm also in no way saying she did anything wrong or that she doesn't have a legitimate grievance against Mr S. But I can only look at Lloyds' responsibilities here and, for the reasons I've explained above, I don't think it would be fair to hold Lloyds responsible for the money she lost.

It's possible that material new evidence may become available at a future date, which suggests that Mr S did take the payments using dishonest deception. If that happens, Mrs P can ask Lloyds to reconsider her claim for these payments and, if not satisfied with its response, bring a new complaint to our service.

*Should Lloyds have done anything else to prevent the payments?*

Mrs P has said that Lloyds was aware of her vulnerabilities and didn't stop to question any of the payments or provide any notifications or warnings to her.

There is an expectation for Lloyds to be on the lookout for, and to protect its customers from, potentially falling victim to fraud or scams. This includes monitoring accounts and identifying suspicious activity that appears out of character. Where potential fraud is identified, I would expect Lloyds to intervene and attempt to prevent losses for the customer.

Lloyds has pointed out that there were some larger outgoing payments from her account in the months before her payments to Mr S and it was apparent that some of these payments were towards home improvement costs. Lloyds has also said it wasn't aware of any support needs that would have affected her ability to make sound decisions or protect herself from any scams.

However, even if I was satisfied that Lloyds should've intervened when Mrs P made these payments, I'm not satisfied that they could've prevented her loss. I say this because all of the information that Mrs P had available at that time suggested that Mr S was a tradesperson who was completing work on her property. Company F was active on Companies House at the time and Mr S was also listed as the director. It also had a professional looking website at the time which included reviews. So there wasn't anything to suggest that Company F and Mr S wasn't a legitimate tradesperson at the time. So, if Lloyds had asked questions about the payments, I'm not satisfied that the information Mrs P would've shared with them should've concerned them that she was potentially at risk of financial harm from fraud. So, I can't fairly say Lloyds could've prevented Mrs P's loss.

I'm really sorry to disappoint Mrs P and understand why she feels Lloyds should refund her. But, based on the evidence, I'm not persuaded I can fairly hold Lloyds liable for her loss.

#### *Recovery of funds*

Lloyds hasn't said whether it tried to recover Mrs P's funds when she reported the matter to it. But I would only have expected Lloyds to have attempted to recover the funds from the bank that received them, if it thought Mrs P was the victim of a scam.

Because I've come to the conclusion that what happened wasn't an APP scam, I can't hold Lloyds liable to reimburse Mrs P for not attempting to recover the funds from the recipient bank accounts either time he attempted to raise a claim.

#### Summary

I'm sympathetic to the position Mrs P finds herself in and what she has been through and I am sorry to have to deliver this news to her. But for the reasons I have explained and based on the available evidence I have seen; I consider the matter is a civil dispute which isn't covered by the CRM Code and is therefore something that needs to be resolved between the two parties through alternative methods. I also don't think Lloyds could have done anything more to have prevented the loss of Mrs P's money or to recover it after Mrs P reported her claim to it.

It follows that I don't think Lloyds Bank PLC is liable to reimburse Mrs P for her loss under the CRM Code or otherwise.

#### **My final decision**

For the reasons explained, 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 P to accept or

reject my decision before 26 February 2026.

Mike Southgate  
**Ombudsman**