

The complaint

Mrs B 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 both parties and has been laid out in detail by our Investigator in their view, so I won’t repeat it in detail here. But in summary I understand it to be as follows.

On 23 May 2025, Mrs B made a payment from her Lloyds account for £520 to a company I’ll call ‘L’. The payment was intended for the installation of an induction hob. Mrs B has said she’d used L’s services before for a job which had been completed successfully, so based on her experience she thought it was reasonable to use them again.

But Mrs B has said that L didn’t deliver or install the product. Mrs B has said L initially told her there had been delays with some parts, but after chasing them they stopped replying to her emails.

Believing she’d been the victim of a scam, Mrs B raised the matter with Lloyds. It looked into her complaint but didn’t think it was liable to refund the money Mrs B had lost. In summary, this was because it thought what had happened was a civil matter, between Mrs B and L.

Unhappy with Lloyds response, Mrs B referred her complaint to this service. One of our Investigators looked into things, but she agreed with Lloyds, that this was most likely a civil dispute, and so Mrs B was not entitled to a refund of the payment she had made.

Mrs B didn’t agree with our Investigator’s view. In summary, 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.

Having thought carefully about Lloyds’ actions, I agree with the findings set out by our Investigator and for broadly the same reasons. I do appreciate how disappointing this will be for Mrs B, but 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 payment was 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 B and L 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 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 B is aggrieved by the actions of L, and I understand why she thinks L scammed her. But having carefully weighed up all the available evidence, I'm not persuaded L more likely set out with the intent to defraud Mrs B from the outset. I'll explain why.

Simply failing to provide an item or service that has been paid for won't be enough to show that what happened was an APP scam. That's because the key issue is whether L's intention at the time of the payment was to defraud Mrs B, and any other reasons for L not carrying out the service might not mean that was always what had been intended.

There is no dispute here that Mrs B paid who she intended on paying, L, 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 B intended. In

order to be satisfied Mrs B has fallen victim to an APP scam, I need to be persuaded L 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 L did intend to defraud Mrs 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 L to provide and instal an induction hob. I appreciate Mrs B has said the goods/service weren't provided, but it is clear from the evidence that L has quoted and provided an invoice for these goods/services and the nature of L's business is consistent with what L was offering. Mrs B has said that she'd used L's services previously. Which indicates that L has provided services satisfactorily before.

While this, of course, doesn't rule out the possibility that L could later go on to commit a fraud, I find it more compellingly demonstrates that L has provided similar services satisfactorily before. All of which supports the theory that L's intention was to provide the goods/services that they received payment for.

As well as this, at the time the payment was made, L was registered on Companies House, with the nature of its business being consistent with the service it was offering Mrs B. It appears to have been registered and to have been established for some time prior to Mrs B making the payments with evidence of it filing accounts. Which further supports that L was a legitimate firm providing a service that is in line with what the purpose of Mrs B's payment was intended for.

There are also a number of other factors that aren't typically seen in scams. I say that as the evidence I've seen shows that L did enter into communication with Mrs B after the payment was made, in which it explained there was a delay but offered a refund if Mrs B didn't want to wait for parts to become available. So, L did stay in contact with Mrs B, at least for a time and offered a solution to put things right. This is not usual in the case of scams, where more often than not, on receipt of a victim's money, a fraudster will then no longer be contactable.

Of course, these may have been excuses and lies, but I cannot rule out that it is at least equally as possible that these may also have been legitimate reasons for the delay in the service being provided. I acknowledge that Mrs B did not ultimately receive what she had paid for, but there are many reasons, other than fraud, why a company may fail to meet their commitments. They may act unprofessionally, may get into financial or personal difficulties, or may experience trading difficulties due to lack of custom. But it doesn't automatically follow that this demonstrates an intent to defraud.

Alongside this, while I can't go into specific details due to protection laws, information from the beneficiary bank (the bank to which the money was sent), doesn't indicate that there were any concerns with how the account was being run or that this wasn't anything other than a legitimate business.

Having thought very carefully about all that Mrs B has said, and about the evidence provided by all parties to this complaint, I'm not persuaded, based on what I know and what the evidence shows, that L set out with an intent to defraud Mrs B.

I know this will be a huge disappointment to Mrs B, and I appreciate how strongly she feels about this case, and I don't doubt that she may have a grievance against L. But for the reasons I've explained above, I do not consider that it was unreasonable for Lloyds to decline Mrs B's claim under the relevant Reimbursement Rules.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 30 April 2026.

Stephen Wise
Ombudsman