

The complaint

Mr P complains that Bank of Scotland plc trading as Halifax ('Halifax') won't reimburse funds he says were lost when he fell victim to a scam.

What happened

Mr P says that he engaged a tradesperson I'll call 'F' in this decision to complete some work on the driveway and garden of his family's rental home. He says he and F agreed that payment of £2,100 was due on 25 July 2025 with the balance of £1,500 due on completion. Work was expected to be completed in early August.

On 18 July 2025 F asked for a payment of £500, saying that he needed money for his son's birthday. Mr P arranged for the payment to be made. Soon after, F began to share personal stories and asked for further funds for other reasons, like van repairs and early payment to help to pay for his grandfather's funeral. There were also delays to the work which F said was because of the weather or for personal reasons.

Between 18 July and 23 August 2025 Mr P made multiple payments to F amounting to £4,190.

Mr P says that the work completed by F was of a poor quality, unsafe and unfinished. By 18 August Mr P says he had paid F £3,670 (plus a cash payment to a labourer) but the patio and driveways were incomplete. Communications with F became strained and Mr P made it clear that work had to be completed by 6 September 2025. There were further delays because of rain and for personal issues and in early September Mr P asked his daughter to tell F not to return. Alternative contractors then completed the work, resulting in additional costs. Later that month, Mr P sent F a letter before action.

Mr P raised a fraud claim with Halifax.

Halifax said Mr P has a civil dispute with F which it isn't responsible for.

Mr P was unhappy with Halifax's response and brought a complaint to this service. He said he was induced to make payments by false representation of professional competence and emotional manipulation.

The investigator who considered Mr P's complaint didn't recommend that it be upheld. She agreed that Mr P has a civil dispute.

Mr P didn't agree with the investigator's findings, so his complaint has been passed to me to decide. He said that the issue is not whether work was completed or whether F had an intention to do the work, but whether each payment was induced by deception or misleading assurances at the time it was authorised. Mr P said that payments were induced by emotional crises, statements that work would stop if payments weren't made, repeated assurances completion was imminent and requests for payments that were unrelated to the work being completed.

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 be good industry practice at the time.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – in other words on what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

I don't have any power to consider a dispute between Mr P and F. My role is to consider whether Halifax, as Mr P's bank, treated him fairly.

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.

The Financial Services and Markets Act 2023 required the Payment Systems Regulator (PSR) to introduce a reimbursement requirement for payments made over the Faster Payments Scheme as a result of fraud or dishonesty. Consequently in 2024, the PSR 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 in certain circumstances. These rules, which I'll call the Reimbursement Rules, came into force on 7 October 2024.

In this case, I've first considered whether the Reimbursement Rules and associated guidance issued by the PSR are relevant to the payments Mr P made. 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 and says:

"...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."

Mr P paid the party he intended to pay. So, for Mr P to be the victim of an APP scam as defined, I would need to be satisfied that F was acting fraudulently and dishonestly to

deceive Mr P about the very purpose for which his payments had been requested. I am sorry to disappoint Mr P, but I'm not persuaded that this was the case.

Mr P thought that he was paying funds for certain works to be completed at a property he rents out. Having considered the evidence available I think that F had the same purpose in mind when he took the payments. A substantial amount of work was carried out, involving the purchase of materials and labour costs. The work may not have been of a high standard, but that's a separate matter.

I appreciate that F modified the agreement Mr P says was reached in respect of when payments were made and gave reasons for payments that fall outside of the scope of the work he was doing, such as his son's birthday and vehicle repairs. But F was asking for advances on the amounts agreed to be paid to complete the work. Each payment made in this manner reduced the outstanding balance due, meaning that even though payments were framed as being for non-building purposes, this wasn't the case. And F was entitled to use labour costs towards his daily expenses.

It's also clear that F stopped work because he was asked to do so rather than because he walked away from the job. His messages indicate that he wanted to complete the work, but he was experiencing difficulties in doing so by the deadline given by Mr P and his family. This is indicative of poor business practices rather than fraudulent or dishonest intent.

Overall, whilst I'm sorry to hear Mr P was dissatisfied with the work completed by F and that he had to pay further funds to complete the work, I can't fairly require Halifax to reimburse him.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 21 May 2026.

Jay Hadfield
Ombudsman