

The complaint

Miss R complains that Lloyds Bank Plc hasn't refunded her after she reported an Authorised Push Payment scam (APP scam).

What happened

The facts of this case aren't clear cut. In what follows, I have set out what appears to be the sequence of events as best as can be established given the evidence available to me.

Between November 2022 and January 2023, Miss R made five payments from her Lloyds account, totalling £3,540. These payments were all made to a company which I will refer to as T. She has given two different explanations for these payments.

In the first and second calls Miss R made to Lloyds, she told the bank she'd paid T this money to obtain a better exam grade in a term paper. She said T was a writing service and she'd paid their highest price in order to receive a top grade. But when her paper had been marked she received a low grade. She therefore wanted T to provide a partial refund, because she hadn't received the expected service from them.

She told Lloyds she was negotiating with T for a partial refund. She thought the right amount for the grade she'd received was around £200 – much less than she'd paid. She had provided T evidence to support this claim, including her lecturer's marks on her submitted paper.

In response, Lloyds said it wasn't liable to reimburse her. Miss R had made these payments by bank transfer so the protections that might have applied had she paid by card weren't available. And the bank didn't think this had been an APP scam. Miss R seemed to have received at least part of what she'd paid for. Rather this appeared to be a matter of poor service on the part of T. Lloyds suggested approaching Trading Standards or the small claims court, but it could not help further.

Miss R didn't accept this. When she'd asked for a T partial refund, she didn't receive one, so she thought she'd been scammed.

Dissatisfied, Miss R ultimately referred her complaint to this service for an impartial review. Our Investigator asked Miss R for more information about what she'd paid for. Miss R now said that she'd actually been paying T for a training course. She'd been told the training course would cover real estate rentals, and that this was a rapidly growing market.

Having contacted T through a secure messaging app, she'd been given a link to a training website. However, she'd not received any of the training she'd paid for.

Given the conflicting versions of events, the Investigator researched T. He found T listed on the Companies House website and located T's website. This appeared to show that T offered a custom essay writing service for students. This appeared to match the initial story Miss R had given Lloyds when she'd first reported the matter.

Weighing the facts, the Investigator thought it most likely Miss R had paid T for an essay writing service in order to obtain a better grade in a term paper. He said this wouldn't meet the definition of an APP scam, which required that the payer must have believed they were paying for a legitimate service. He said paying for a term paper to be written as a means of a student gaining an inflated mark could not reasonably have been considered a legitimate transaction. So, this wasn't an APP scam and Lloyds didn't need to reimburse Miss R.

Miss R didn't accept this. While she couldn't explain the discrepancy between the stories she'd given, she said she'd got mixed up when explaining things. She still needed the bank to refund her.

In light of the ongoing disagreement, I have been asked to reach a final decision on the matter.

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.

My role here is to determine whether Lloyds was at fault or unfair in how it has treated Miss R, and if so, what it should do to put matters right. This is not a straightforward complaint to decide. The evidence before me is contradictory. In particular, Miss R has given conflicting versions of events, during different calls.

I've thought about what Miss R has submitted to our Investigator, including her explanation that she simply got mixed up in relaying the story to her bank and why she believes that might have happened. But ultimately, I find that the differences between these two stories is a fundamental one rather than a matter of the finer details. I also find that the first story (which Miss R now says was a mistake) was consistently and coherently explained – which seems less likely to have resulted if the details of the story had simply been mixed up.

When considering a fair outcome here, I've had to take all of this into account. I will explain why I have reached the findings I have.

Firstly, based on what I've seen, I can't safely conclude that Miss R was the victim of an APP scam. The only evidence supporting this being an APP scam stems from Miss R's own testimony, and given the significant and unexplained change in stories, I find that I cannot reasonably give that much weight.

I also can't safely conclude that Miss R believed what she was doing had a wholly legitimate purpose. All considered, I agree with our Investigator that the most likely version of events is the one Miss R gave Lloyds when she first called to report the matter. That explanation matches the limited information I have been able to establish about T. It is unclear to me why Miss R would have given this story at the time if it were not true – I am not persuaded this is simply a matter of mixing up the details given the degree of difference between the two versions of events.

Miss R made the relevant payments as bank transfers. Lloyds correctly explained that paying a company in this way means the usual protections available to card payments (for example chargeback) simply don't apply – they aren't available when paying by bank transfer.

There is a voluntary code for APP scams (the CRM Code) to which Lloyds is a signatory. But that code only applies where the payments meet the code's definition of an APP Scam.

The relevant part of that definition requires that the payment was made in the belief it was for legitimate purposes. As I've explained above, I cannot safely conclude that Miss R made the disputed payments for legitimate purposes.

But even if I thought differently on that point and accepted that Miss R believed that paying someone to write her term paper was somehow legitimate, I don't think this would mean the CRM Code would apply to her payments.

I say this because the CRM code specifically excludes what it describes as *"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"*.

Here Miss R argues that what she received was not to the standard she paid for. I am not persuaded by the evidence I have available that T's intention in the transaction was other than to carry out the service Miss R paid it for – whether it failed to do so, or did so to a lower standard than Miss R expected, it seems to me this would fall within the bounds of a "private civil dispute" (excepting of course the primary question of the very legitimacy of the service Miss R was contracting for).

Lloyds has no obligation to protect its customers from a bad bargain or from poor or defective service when a payment is made by bank transfer. So, it is not liable to Miss R if T has simply failed to fulfil the service Miss R paid for.

In either scenario, I do not find that these payments were within the scope of the CRM Code. They do not meet the definition of an APP scam. I cannot fairly find Lloyds to have been at fault here or otherwise liable to refund Miss R.

While I appreciate this will not be the answer Miss R wants, I don't find Lloyds was at fault, that it has treated her unfairly, or that it now needs to do more. I can't fairly require Lloyds to reimburse Miss R.

My final decision

For the reasons given above I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 8 January 2024.

Stephen Dickie
Ombudsman