

The complaint

Ms M complain that Lloyds Bank PLC won't reimburse the money she says she lost to a scam.

What happened

Ms M was looking to rent a room. She found one that suited her purposes on a well-known rental website and made contact with the agent. After viewing the property Ms M agreed to rent the room and paid the holding deposit of £895. But there were several aspects of her correspondence with the estate agent that caused Ms M concern, so Ms M contacted Lloyds to say she had been the victim of a scam, and to ask for her money to be refunded.

Lloyds looked into what had happened but declined to refund her money, it said this was a civil dispute between Ms M and the estate agent, and so did not accept any liability for her loss. Ms M remained unhappy, so she referred her complaint to our service.

One of our Investigators looked into what had happened but did not feel the complaint should be upheld, they felt it was fair for Lloyds to say this was a civil dispute.

Ms M does not agree, she says she has proved that she did not get the services she paid for, and so considers she should be able to reclaim her money. So, as no agreement could be reached, this case has been passed to me for review.

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, I'm required to take into account relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

And having thought carefully about all that Ms M has told us, and the evidence I've seen, I do consider that it is fair for Lloyds to have declined to refund the disputed payment on the basis that this is a civil dispute between Ms M and the estate agent. I'll explain why.

The Contingent Reimbursement Model (the CRM code) states the following regarding civil disputes:

“this code does not apply to: (b) 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;”

I am satisfied from the evidence I have seen that the estate agent was running a legitimate business. I say this because I have seen evidence from the estate agents bank which demonstrates that it was being used for genuine business purposes related to the rental of property. It seems clear that the estate agency was being run as a 'sole trader' rather than a

limited company, so the presence of a similarly named limited company on Companies House which had previously been dissolved does not cause me any concerns about the legitimacy of the estate agency Ms M was dealing with. And while I note that Ms M had concerns about what the agent said regarding her deposit, I'm satisfied that what she's said she was told does not immediately ring any red flags about that estate agent acting illegally.

With this in mind, I'm satisfied that the estate agent does appear to have been operating a legitimate business, I therefore think it is fair to consider them a legitimate supplier. And it's clear from what has happened that Ms M paid the estate agent for services but feels she was not provided with those service or with a refund of her deposit. I'm satisfied that this situation meets the definition of a civil dispute as set out in the CRM code, this means that Ms M is not entitled to a refund from Lloyds under the Code.

I appreciate Ms M will not agree, but from Lloyds' point of view this situation doesn't display the hallmarks most typically associated with a scam. This is not to say that there is no issue at all between Ms M and the estate agent. But this type of dispute isn't something that the CRM Code covers.

I know this will be a huge disappointment to Ms M. I appreciate how she feels about this case, and that this was a significant sum of money for her to lose. But, for the reasons I've explained above, I do not consider that the payment in dispute here is covered under the CRM Code, or that it would be fair to hold Lloyds responsible for the money Ms M has lost.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 1 August 2024.

Sophie Mitchell
Ombudsman