

The complaint

Mr P complains that The Co-operative Bank Plc (“Co-op”) did not refund the £6,126 he says he lost to a scam.

What happened

Mr P posted an advert on a ‘find a trader’ website to find a company who could clear out his late mother’s house. He found a merchant and sent them £6,126 upfront and would send them the keys in the post the following day. However, once Mr P sent the funds, he could no longer contact the merchant so raised a scam claim with Co-op.

Co-op contacted the beneficiary bank, who confirmed the merchant had provided evidence they had carried out the work. Because of this, the complaint was deemed to be a civil dispute and Co-op was unable to pursue reclaiming the funds any further.

Mr P was unhappy with the outcome and referred the complaint to our service. Our Investigator looked into the transaction under the Lending Standards Board’s Contingent Reimbursement Model (“CRM”) Code. In doing so, they did not agree that the claim met the standard of an authorised push payment (APP) scam as per the CRM Code.

This is because they did not think they had enough evidence to show a scam had occurred, as the pictures provided of the house were not dated, there was no evidence of communication with the alleged scammers and the receiving bank had confirmed the merchant evidenced they carried out the work. The Investigator had also seen images on the merchant’s website showing before and after photos of a property matching the photos Mr P had provided our service. These have since been removed but our Investigator was able to retain copies of the images. So, they did not think Co-op needed to reimburse Mr P in the circumstances.

Mr P did not agree with the outcome. As an informal agreement could not 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.

It isn’t in dispute that Mr P authorised the payment of £6,126. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that he’s liable for the transaction. But he says that he has been the victim of an APP scam.

Co-op has signed up to the voluntary CRM Code, which provides additional protection to scam victims. Under the CRM 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. I have set this definition out below:

...a transfer of funds executed across Faster Payments...where:

(i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or

(ii) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.

The CRM Code is also explicit that it doesn't apply to private civil disputes. The wording in the code is as follows:

"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've therefore considered whether the payment Mr P made to the merchant falls under the scope of an APP scam as set out above. Having done so, I don't agree that it does. I'll explain why in more detail.

I've looked into the merchant that Mr P sent the funds to and having done so I'm satisfied they were a legitimate supplier. They were registered on Companies House, had an online presence and had positive reviews across multiple websites. Nothing I have seen indicates they were not a legitimate provider of cleaning services, amongst other things.

Mr P has not been able to provide any evidence of the correspondence he had with the merchant, including text messages, e-mails or evidence of phone calls. So, it is difficult for me to agree that there was a sudden stop in all contact from the merchant as soon as Mr P paid them. I note Mr P raised the scam claim just 36 minutes after he made the payment, so I think it would be reasonable for Mr P to be able to provide evidence he tried to contact the merchant within that time.

I appreciate Mr P has said the photos provided show the current state of the property, however it is not possible to show when the photos were taken. On balance, it is difficult for me to rely on these to evidence the current state of the property.

The beneficiary bank confirmed to Co-op that they had seen evidence the merchant carried out the work. So, I think it was therefore reasonable that Co-op did not pursue the claim further. I have also seen evidence taken from the merchant's website showing before and after photos of a property that very closely matches the property Mr P raised the complaint about, which I think likely enforces the beneficiary bank's position and Co-op's decision not to pursue the claim further.

Having carefully considered everything available to me, I do not think Mr P's claim meets the definition of an APP scam as set out above. From what I have seen, the merchant appears to be a legitimate supplier who Mr P has raised a grievance about, and there is little other evidence to show a scam occurred, so I think it's more likely this is a civil dispute.

My final decision

I do not uphold Mr P's complaint against The Co-operative Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 15 May 2025.

Rebecca Norris
Ombudsman