

The complaint

Mr D complains that Santander UK Plc won't reimburse him money he lost after being defrauded.

What happened

In 2021, Mr D was looking to have renovations carried out at his family home and posted an ad online looking for recommendations. He received the details—and a number of personal recommendations—regarding a business, that I'll refer to as R.

After an exchange of messages, a price was agreed and work commenced on the property. But in the process of the work being carried out, Mr D informed R that he had to change the original agreement as a different layout was required for the area.

R agreed to carry out the changes, but informed Mr D it would impact the price and payment would be required for the new materials sought. Mr D agreed and on 11 September 2021 made two payments to R for a total of £4,100.

Following the payment being made, R never showed up again at the property, and wouldn't respond to any contact. It was at this stage Mr D suspected he'd been the victim of fraud and so he reported the matter to Santander.

Santander looked into Mr D's claim but concluded it wasn't liable to reimburse him. In summary, it deemed the matter more likely to be a civil dispute between both parties. It advised him to reach out to the company directly or report the matter to the police.

Mr M remained unhappy with Santander's decision, so he referred the matter to our service for an independent review. An Investigator considered the evidence and testimony provided by both parties but concluded that the matter was more likely to be a civil dispute. They therefore agreed that Santander wasn't liable to reimburse Mr D his loss.

Mr M, via his representative, disagreed with the outcome reached by the Investigator. He remained adamant that he'd been the victim of fraud and placed emphasis on the fact that the R had impersonated a genuine company.

As Mr M disagreed with the Investigator's assessment, the matter has now been passed to me for a final decision to be made.

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 have been good industry practice at the time.

It's not in dispute that Mr D made the payments to the third-party himself. So, in accordance with the Payment Services Regulations 2017 (PSR 2017) Mr D is presumed liable for the loss in the first instance.

However, as Mr D's representative has pointed out, Santander is a signatory to the Lending Standards Board's Contingent Reimbursement Model (CRM) Code. Under that Code, firms are expected to reimburse customers who fall victim to fraud, subject to a number of exceptions.

However, the CRM code is only relevant if I'm persuaded Mr D did fall victim to a fraud. The Code specifically doesn't cover certain types of dispute. It says:

"This Code does not apply to...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".

Likewise, even had the payments not fallen within the scope of the CRM Code, Santander has no liability to reimburse Mr D his loss from a bank transfer where the matter is deemed a civil dispute rather than a fraud.

From the information provided thus far by Mr D, I'm not persuaded he has been a victim of fraud. I'll explain why.

Mr D has placed considerable weight on the fact that representatives of R were misrepresenting themselves by imitating a legitimate, well-established business. But I have seen no persuasive evidence to support this.

While there are several businesses, as is commonplace, bearing the same name as the one given by R, there are distinctions between the logo used and the contact details provided. I have seen no evidence to support that R was using the official company registration details, website or contact information of a third-party business here. So I'm not persuaded it was attempting to imitate another business, or mislead Mr D.

Furthermore, while I am unable to disclose specific information about the account where Mr D paid his money, information our service has received about this account shows no concerns were raised about its operation; I'd have expected an illegitimate business or sole trader to typically have multiple reports made against their account.

While I don't have a significant amount of information about R that would allow me to conduct further research, I find from the information I do have that there doesn't appear to be any significant concerns over the legitimacy of the business or traders Mr D has dealt with on this occasion.

Moving to the work that was carried out. Mr D has provided our service with some of the messages between R and himself. He's also told our service that R did attend his property—having not taken any payment—and completed some works. This included pulling out hedges, digging up soil and installing large wooden beams in preparation for work. I find it uncharacteristic of a person intent on committing fraud to come and complete significant work on a property for the day, with multiple persons, where they'd not received any payment for that work. And it is important to include that this was done without the knowledge Mr D intended to change what he and his wife wanted done to the property. It was only at this stage that R requested payment in advance for materials.

I do however acknowledge and accept some of the points made by Mr D. It is behaviour

unbecoming of a professional trader to take payment and then cease contact with its customer after receiving that payment. But this could be due to several reasons other than an intention to defraud. It is equally possible that the business collapsed, or that they took payment for the work completed and materials supplied.

While I am not certain why R ceased contact with Mr D following the payments made, I'm not persuaded—with the information currently present—that R was an illegitimate trader or that it set out with the intention to defraud Mr D. And it is for these reasons that I conclude this matter to more likely than not be a civil dispute. Santander therefore cannot reasonably be held liable for Mr D's loss here.

However, should any further information come to light in the future that Mr D believes supports his assertion that he has been the victim of fraud, he can present this for further review.

My final decision

For the reasons I have given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 16 April 2025.

Stephen Westlake
Ombudsman