

## **The complaint**

Miss W complains that National Westminster Bank Plc (“NatWest”) did not refund a series of payments she says she lost to a scam.

## **What happened**

Miss W purchased a property and was looking for a builder to carry out renovation work, including an extension and a new kitchen. Miss W found an individual on a trading website who appeared to have positive reviews, I’ll call them ‘X’ for the purposes of this decision.

Miss W says she paid X around £120,000 between around August 2022 and May 2023. Some work was completed such as demolition and part of the extension, though she does not think this was of a reasonable standard. From late February onwards, X did not regularly visit the site and in May 2023 he blocked all contact from Miss W.

Miss W raised a scam claim with NatWest, specifically for the money she gave X for materials which he did not purchase, this totalled: £30,129.37. NatWest looked into the matter and explained that as X was a registered company that appeared to deliver partial services, they would consider it to be a civil dispute and not a scam. So, they did not agree to reimburse the loss.

The complaint was referred to our service and our Investigator looked into it. They explained that they did not think the transactions met the high bar of an authorised push payment (“APP”) scam under the Lending Standards Board’s Contingent Reimbursement Model (“CRM”) Code and instead felt it was a civil dispute between Miss W and X. This was because X did carry out a portion of the work and the evidence suggested X intended to carry out the remainder of the work.

Miss W disagreed with this and highlighted that Trading Standards was investigating X for fraud, so she felt this showed he intended to defraud her from the outset.

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 Miss W authorised the payments in question. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that she’s liable for the transaction. But she says that she has been the victim of an authorised push payment (APP) scam.

NatWest 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 Miss W made to X 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.

In order to determine if Miss W has been the victim of a scam, I have to consider if her intended purpose for the payments was legitimate, whether the intended purposes she and the individual she paid were broadly aligned and, if not, whether this was the result of dishonest deception on the part of X.

Miss W feels that X took her funds for the goods with the intention to defraud her and not provide them. And she thinks that the fact he did not place any orders with the companies, even though he had ample time to do so, shows he never intended to.

I've considered these comments carefully, and reviewed all of the information available to me, including X's account statements showing his general account activity. Firstly, I've considered that X did carry out some work on Miss W's property, though I appreciate this was not to a standard she expected. And this was carried out over a number of months where X appeared to be on site until around early February 2023, based on Miss W's testimony. It therefore appears that, at least initially, X was acting as a legitimate supplier of goods and services and that he intended to provide the service Miss W had paid him for.

I have reviewed the bank account statements for both of X's accounts that Miss W paid. Due to data protection issues, I cannot share the details of what I have seen. But having carefully reviewed these, I think the general account activity on both matched what I would expect for the type of company X owned and the services he provided. So, nothing I have seen on the statements indicates X took Miss W's funds with no intention to provide the services she paid for.

I do appreciate that Miss W has spoken with the suppliers X said he would purchase goods from and they have confirmed no orders were made. But I don't think this therefore means he had no intention of making the orders when he took Miss W's funds. There are a number of reasons why parts for a renovation may not be purchased right away, and a number of reasons why delays or cashflow issues may affect a builder's ability to buy the products at a later date. As X had begun to provide the service Miss W paid him for and was actively working on the project for a number of months, I think it is more likely he intended to provide

the service she paid for, including the specific goods she requested, when he took her money.

I can see that both of X's companies have now been struck off on Companies House, but these were struck off in September 2023 and November 2024. As these were both struck off after the payments in question, I don't think this therefore means X knew there were issues with his companies when he took Miss W's funds.

On balance, I think NatWest acted reasonably when it treated Miss W's claim as a civil dispute and not a scam. The evidence I have seen suggests X was a legitimate supplier who intended to provide the services and goods Miss W paid for when he took her funds.

I appreciate that Trading Standards are now investigating X under allegations of fraud. However, this process can be lengthy and does not always mean an individual will be charged. I am satisfied I have enough information available to come to a fair and reasonable outcome without waiting for this information. It is possible that further evidence may come to light at a later date, which may indicate X was operating a scam. Should such evidence come to light, then Miss W can complain to NatWest again, and refer the matter to this office, should she not be happy with the outcome.

### **My final decision**

I do not uphold Miss W's complaint against National Westminster Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 10 March 2025.

Rebecca Norris  
**Ombudsman**