

The complaint

Mr C complains that National Westminster Bank Plc won't reimburse the money he says he lost to a scam.

Mr C is represented in this complaint by a claims management company. For simplicity I will refer to Mr C throughout this decision, even when referencing what his representatives have said on his behalf.

What happened

Mr C engaged a contractor to do some work at his home. After some initial discussions and a site visit by the contractor Mr C agreed to go ahead with their quote for the work. He paid an initial deposit for the work in April 2022, with the agreement being that he would pay further amounts at various stages as the work progressed. In July 2022 the next payment was due, and Mr C arranged three payments to the contractor from various accounts, £13,000 of this was paid from the NatWest account that is the subject of this complaint.

Around this time, the company that Mr C had initially contracted with went into liquidation, but Mr C continued to deal with the same contractor, now operating under a different business name. The third stage payment was then made in August 2022, from a different account, and then the final payment Mr C made for the work was paid from the NatWest account that is the subject of this complaint on 13 October 2022, this was a payment for £8,400. In total, Mr C paid over £78,000 for the work, £21,400 of that was paid from this NatWest account.

But Mr C was becoming increasingly unhappy with how the contractor was working, he's said there were delays, supply chain issues, unfinished work, and work of a poor standard. Mr C says he was also contacted by subcontractors who had not been paid. In December 2022 Mr C arranged for the work that had been done so far to be inspected, and on identifying numerous defects and issues with the work, he engaged a new contractor to finish the job to the required standard. Ultimately, Mr C contacted NatWest to say he felt he had been scammed by the original contractor, and to ask it to consider refunding his loss under the Contingent Reimbursement Model Code.

NatWest did not agree it was liable for Mr C's loss, it said this was a civil dispute between Mr C and the contractor. Mr C remained unhappy, he maintained he was the victim of a scam. So, he referred his 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 NatWest to say this was a civil dispute between Mr C and the contractor.

Mr C does not agree, he maintains the contractor acted fraudulently, and says there are numerous other victims of this contractor. Amongst other things, he points to evidence that this contractor has set up and then dissolved numerous interlinked businesses over time, saying this is evidence that the contractor was intentionally acting to defraud their customers. Mr C also notes that Trading Standards has issued a warning letter to the

contractor, and that the insolvency service has opened an investigation into the contractor's activities.

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 Mr C has told us, and the evidence I've seen, I do consider that it is fair for NatWest to have declined to refund the disputed payments on the basis that this is a civil dispute between Mr C and the contractor. 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;”

Mr C argues that the contractor was operating fraudulently, but the evidence I've seen does not support that. The contractor (or its employees or subcontractors) attended Mr C's property on several occasions, carrying out work that had been agreed, and information from the contractor's bank shows that the payments Mr C made do appear to have been used for outgoing payments that align with the intended purposes. I can also see that the contractor's account operated as one would expect a legitimate business account to operate, and the bank where that account is held has confirmed it had not previously received any other scam claims against this account at the time of Mr C's payments.

I acknowledge that the initial business the contractor was operating under went into liquidation, and that they carried on operating under a new name. I also acknowledge that there is evidence that they were frequently dissolving and opening numerous interlinked companies. But while this could certainly indicate that they were not running their business (or businesses) in the way that they should, I don't think this means that they were automatically acting fraudulently in their arrangement with Mr C. Mr C's agreement was for the contractor to carry out various work at his property, and it is evident that a large amount of work was done at Mr C's home, albeit to a poor standard.

I also acknowledge that other people appear to have similar complaints against this contractor, and that there is now a large number of negative reviews regarding their behaviour online. But these negative reviews are from some time after Mr C engaged their services and made his payments, and many of them relate to how the contractor treated employees and subcontractors, so I don't think they can be used to say that at the time Mr C paid the contractor they were acting fraudulently or did not intend to carry out the work Mr C engaged them to do.

And while the way the contractor ran their business does cause some concern, I don't think I can fairly say that they were not a legitimate supplier, given that their account statements do evidence that they were making payments for supplies and wages associated with their business. And a business subsequently being dissolved, or having an application to be

struck of the register at Companies House, does not mean that business was not operating legitimately when the events that are the subject of this complaint took place. I also must bear in mind that, while Trading Standards and the police have apparently been involved in looking at the contractor's activities, and the insolvency service have opened an investigation, I've not seen anything to show that any of those entities has made any official finding that the contractor has acted fraudulently.

So given that Mr C paid the contractor for services which have been, to an extent, provided by the contractor, but that Mr C is ultimately dissatisfied with the quality of services he has been provided, I'm satisfied that this situation meets the definition of a civil dispute as set out in the CRM code. This means that Mr C is not entitled to a refund from NatWest under the Code.

I know this will be a huge disappointment to Mr C. I appreciate how he feels about this case, and that the work he paid for was not completed to his satisfaction, causing significant stress and financial cost. And some of the information Mr C has sent us does suggest the contractor wasn't acting professionally, but that does not mean that this was a scam, rather than a case of poor and unprofessional workmanship and potentially unethical business practices. I sympathise with the position Mr C is in, and I'm in no way saying that he doesn't have a legitimate grievance against the contractor. But, for the reasons I've explained above, I do not consider that the payments in dispute here are covered under the CRM Code, or that it would be fair to hold NatWest responsible for the money he's lost.

If new material information comes to light at a later date, then Mr C may be able to bring a new complaint to NatWest. But I'm satisfied, based on the available evidence to date, that I have seen and been presented with by all parties, that this is most likely a civil dispute. And NatWest's decision under the CRM code was therefore correct.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 21 November 2024.

Sophie Mitchell
Ombudsman