

The complaint

Mr and Mrs I complain about The Royal Bank of Scotland Plc (RBS).

They say that they have fallen victim to a scam and would like RBS to refund them under the Lending Standards Board's Contingent Reimbursement Model (CRM) Code, to which RBS is a signatory.

What happened

Mr and Mrs I found a building company I will refer to as 'U' on a trusted builder's website.

Work was started, but unfortunately U entered administration, and the work was not completed. Their house was left in a state of disrepair and required a lot of work to make the home habitable again.

Mr and Mrs I say that the work that was completed was poor, and they say that they have been scammed by a rogue trader for the sum of £28,000.

A complaint was made to RBS, but it wasn't upheld, so the complaint was brought to this Service.

Our Investigator looked into things but didn't uphold the complaint. They explained that they weren't satisfied that Mr and Mrs I had fallen victim to a scam, rather it was a civil dispute between Mr and Mrs I and U – which isn't covered under the CRM code.

Mr and Mrs I asked for an Ombudsman to make a final decision, so the complaint has been passed to me.

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.

Having done so, I have decided not to uphold this complaint. I know this will be disappointing for Mr and Mrs I, and I am very sorry for the situation they find themselves in. I can fully understand that they would want to attempt to recover the money that has been lost – I am also aware that in order to remedy the poor work that U completed has cost them a lot of money top of the money they have already paid out.

However, my role is to decide if RBS needs to refund them the money they have lost, and I'm afraid that I can't say that it does.

It isn't in dispute that the payments made to U were authorised. Because of this the starting position – in line with the Payment Services Regulations (PSR's) 2017 – is that Mr and Mrs I are liable for the transactions. But they also say that they have been the victim of an authorised push payment (APP) scam.

RBS 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 out the definition of an APP scam as set out in the code 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 considered whether the payments made to U fall under the scope of an APP scam as set out above – and having done so I am not persuaded that they do. I'll explain why in more detail.

I'm satisfied that Mr and Mrs I intended to pay U – and that their funds were received by U, so I can't say that they were tricked into sending funds to a different person or business.

Therefore, what is left for me to decide is if U deliberately set out to defraud Mr and Mrs I from the outset. As our Investigator has already explained the threshold to prove this is high, requiring a burden of proof that is difficult to provide.

From the information I have been provided, it appears that at least some of the work Mr and Mrs I instructed U to undertake was carried out. While I understand the quality of this work was not good, as per the code, it does not count as a scam. Mr and Mrs I say that U was unskilled – and should have known that it would have not been able to complete the job as requested. They say that the work completed was basic, and that as U should have known it was beyond it, this shows it is a scam. But even in the unlikely event it could be proved that U was incapable of completing all of the work, this would not necessarily indicate he intended to defraud Mr and Mrs I out of their money with no intention to provide them with building work. At most, it may indicate he was aware that work would not be to the desired standard but as per the Code above, this would not meet the threshold of a scam and would still be a civil dispute.

I am also aware that U did return £4,000 to Mr and Mrs I after they raised concerns about the work it had done – this is not the usual behaviour of a scammer. I know that Mr and Mrs I perceive this partial refund as an attempt by U to reduce the extent of U's criminality, but I am afraid I cannot agree to see it as such. In the case of a scam, the usual process would be for a scammer to obtain the highest amount of money from its victim as possible, with no intention to return any of the funds it had secured. While I understand that U, even after it had entered administration offered to complete the works if provided with more money, the partial refund does not appear to be payment made in order to entice Mr and Mrs I to part with even more funds as sometimes happens but appears to be an attempt to put things right.

As part of my review of this complaint, I have also seen information from the bank which received Mr and Mrs I's money (U's bank). The intention being to see if there was anything that would suggest that U was not running as a genuine business. While it is not possible to release the information that has been provided, nothing I have seen suggests that U was running as a scam at the time they payments were received. Instead, it shows that the activity on the account was consistent with what would usually be expected of a business involved in construction.

Instead, it seems most likely that U got into financial difficulties and was unable to fulfil its obligations – and unfortunately it is not uncommon for businesses to resort to unethical practices in order to try and keep a business afloat – or to provide substandard work. So, although I can accept that the work was not completed, and the quality of what was done appears to be poor, I can't say that U set out to defraud Mr and Mrs I. While I understand that this is incredibly disappointing for Mr and Mrs I, I can't say this means that U set out to scam them from the outset.

I do have a great deal of sympathy for Mr and Mrs I about what has happened to them, and understand that U has provided poor workmanship, but from the information I have been provided, I am unable to conclude that a scam has taken place and that RBS should be responsible for their loss.

Mr and Mrs I have said that other customers of U have been refunded by their banks for work that U undertook. But I am unable to comment on why this may be. I can only consider the complaint in front of me.

It is possible that in the future, further evidence may come to light that suggests that U was running as a scam after all. At such a time, Mr and Mrs I can refer the matter to RBS again and ask it to reconsider their complaint. And if they are not happy with this, bring the matter back to this office.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I and Mrs I to accept or reject my decision before 27 November 2025.

Claire Pugh
Ombudsman