

The complaint

Mrs C complains that Santander UK Plc ('Santander') won't refund the money she paid a rogue builder.

What happened

In October 2023, Mrs C was looking for a tradesperson to repair a leak in her roof. She used an online website and found a company I'll refer to as D. Mrs C was given a quote for £765, excluding VAT.

Mrs C made a payment on 22 December 2023 for £765. She didn't pay the VAT as a VAT number wasn't included on the invoice. The payment was made to an account held in a personal name - I'll refer to this person as J.

J and the director of D attended Mrs C's property and completed the work. Unfortunately, the roof still leaked after the work was completed. Mrs C says the builders returned to the property and tried to fix the issue, but the roof still leaks.

Mrs C says another roofer has looked at the work and says it's not fit for purpose and that it will cost approximately £400 to rectify.

Mrs C raised a fraud claim with Santander, saying it was a scam and asking to be refunded. Santander declined to refund Mrs C saying the work was completed, so they deemed it a civil dispute.

Mrs C wasn't happy with Santander's response, so she brought a complaint to our service.

An investigator looked into Mrs C's complaint but didn't uphold it. The investigator explained that the Contingent Reimbursement Model Code (CRM Code) doesn't cover issues with quality of work. As the builders completed the work, the investigator didn't think Mrs C's payment was covered by the CRM Code or that Santander was liable.

Mrs C disagreed with the investigator's opinion, saying D was operating fraudulently as they had dissolved two months prior to completing the work on her house. Her payment should be covered by the CRM Code as the intended purpose of the payment was to stop the leak, which hasn't happened. Mrs C also explained about the vulnerability of herself and her husband due to ill-health.

As the case couldn't be resolved informally, it was passed to me to 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.

I'm really sorry to hear about the personal difficulties that Mrs C and her husband have faced. I realise they have ended up out of pocket as a result of J and D's actions, and that

they've had to pay another builder to repair the work. But I'm not making a finding about whether J or D may owe Mrs C money, rather whether Santander can fairly be held liable for Mrs C's loss.

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 be good industry practice at the time.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in light of the available evidence.

Is Mrs C entitled to a refund under the CRM Code?

Santander have signed up to the CRM Code, which requires firms to reimburse customers who have been the victims of Authorised Push Payment (APP) scams, in all but a limited number of circumstances.

But the CRM Code does not apply to private civil disputes, for example 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.

Also, the CRM Code defines what is considered an APP scam as, "where the customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent".

In order to decide whether the circumstances under which Mrs C made her payment meets the definition of an APP scam, I need to consider:

- The purpose of the payment and whether Mrs C thought this purpose was legitimate.
- The purpose the recipient (J) had in mind at the time of the payment and whether this was broadly in line with what Mrs C understood the purpose to be.
- And, if I decide there was a significant difference in these purposes, whether I'm satisfied that was as a result of dishonest deception.

Mrs C was making a payment to J to have her roof repaired. I haven't seen anything that suggests Mrs C didn't think this was a legitimate purpose.

So, I've gone on to consider what purpose J had in mind and whether it was in line with what Mrs C thought.

In reaching an answer on what purpose J had in mind, the key information is:

- J and the director of D attended Mrs C's property and completed work on the roof. When Mrs C raised concerns that the repair hadn't worked J returned to the property to try and resolve the issue. I appreciate that the leak remained and wasn't fixed, but the CRM Code doesn't cover dissatisfaction with the quality of goods, defective goods or disputes with suppliers.
- We've received third party information from the beneficiary bank, which I can't share due to data protection legislation. However, this evidence supports that Mrs C's funds

were more likely than not used for the intended purpose, being the purchase of material and payment of costs in relation to the work J completed.

- Trading Standards say they attended Mrs C's property and identified *possible* breaches of criminal legislation. They referred to the Consumer Protection from Unfair Trading Regulations 2008 and Section 2 of the Fraud Act 2006. They also raised potential issues regarding reporting to HMRC. However, these are only allegations and there isn't any evidence that proves these breaches have occurred. Also, Section 2 of the Fraud Act 2006 relates to misrepresentation, but misrepresentation wouldn't necessarily mean that Mrs C's payment meets the definition of an APP scam for the CRM Code.

It's possible that material new evidence may come to light at a later date that demonstrates J's intentions when Mrs C made her payment, for example, from the police or Trading Standards. If it does, Mrs C can ask Santander to reconsider her claim.

Having carefully considered all of the information, I'm not satisfied that Mrs C has shown J took her funds with a different purpose in mind, or that her funds weren't used for their intended purpose. On that basis, I'm not satisfied that the circumstances under which Mrs C made the payment meets the definition of an APP scam under the CRM Code, and I can't fairly hold Santander liable under it.

Is there any other reason I could ask Santander to refund Mrs C?

There is an expectation for Santander to be on the lookout for, and to protect its customers from, potentially falling victim to fraud or scams. This includes monitoring accounts and identifying suspicious activity that appears out of character. Where potential fraud is identified, I would expect Santander to intervene and attempt to prevent losses for the customer.

However, I'm not satisfied that Santander should've intervened when Mrs C made her payment. I appreciate that this is a lot of money for Mrs C, but it's a relatively low value payment. Also, it's not a series of payments and it didn't clear out her account balance. So, the payment wasn't so unusual or out of character that I would've expected Santander to identify a potential risk of financial harm from fraud. And, I can't fairly say Santander acted unreasonably in following Mrs C's payment instructions.

I appreciate that Mrs C was particularly vulnerable at the time the payment was made, but I can't see that Santander were aware of that vulnerability. And even if they were aware, I wouldn't have expected them to have taken additional steps considering the size of the payment compared to her usual account activity.

I'm really sorry to disappoint Mrs C and understand why she feels Santander should refund her. But, based on the evidence, I'm not persuaded I can fairly hold Santander liable for her loss.

My final decision

My final decision is that I don't uphold this complaint against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 15 October 2025.

Lisa Lowe

Ombudsman