

## **Complaint**

Mrs S is unhappy that Nationwide Building Society didn't reimburse her after she reported falling victim to a scam.

## **Background**

Mrs S was looking to have a conservatory built at her home and came across a business online, which I'll refer to as Company S. She contacted the builder associated with that business and arranged for a visit in January 2024 to obtain a quote. The builder returned shortly after to take further measurements and then provided a written quote of just over £30,000.

Mrs S says that, under the terms agreed, she was required to pay upfront for materials, with labour costs to be paid once the work was completed. On 1 February 2024, she made a payment from her Nationwide account, in branch, to the builder's account for this purpose. Following the payment, some materials were delivered and stored in Mrs S's garage. Due to limited space, it was agreed that the remaining parts would be stored at the builder's premises.

Mrs S says she was later asked for more money to cover increased costs. She withdrew £2,000 in cash from another account and handed it to the builder. Later, she was told that an additional £1,850 would be needed for further expenses. The builder said they would reduce the labour cost to keep the total close to the original quote. Mrs S declined to pay any more upfront and said she would pay the remainder on completion. After this, communication from the builder ceased.

Mrs S reported the matter to Nationwide, saying she believed she had been scammed. Nationwide declined to refund the payments. It said it considered the matter to be a private civil dispute between her and the builder. It said that meant it wasn't expected to reimburse her.

Mrs S was unhappy with that response and so she referred her complaint to this service. It was looked at by an Investigator who didn't uphold it. Mrs S disagreed with the Investigator's opinion and so the complaint has now been passed to me to consider and come to a final decision.

## **Findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account. It's accepted that Mrs S authorised these payments, so she is presumed liable for them at first instance.

That isn't the end of the story. Nationwide had a range of other obligations relating to the need to prevent fraud and compensate customers who fall victim to it. However, none of those obligations is engaged here unless Mrs S is genuinely a victim of fraud. By way of example, Nationwide is a signatory to the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code) which requires firms to pay refunds to customers who fall victim to scams, but it specifically doesn't cover what it terms *"private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services ... but has not received them [or] they are defective in some way."*

The key question I have to consider in determining whether Mrs S is the victim of fraud is what the intentions were of the builder at the time. I obviously can't know for sure what his intentions were – so I must look at the other available evidence and draw inferences as to what they most likely were. I've considered the available evidence carefully, and while I know this will be greatly disappointing to Mrs S, I'm not persuaded that it's strong enough to support the argument that the builder intended to defraud her.

Of particular significance is the evidence that has been shared with us by the receiving bank – that is the bank that operated the account used by the builder. I've seen statements showing activity on that account around the time Mrs S made this payment. There's nothing in those statements to indicate that the business was operating fraudulently. In fact, the activity on the account shows transactions that are consistent with someone operating a legitimate building business—such as payments to suppliers and other related expenses.

Those statements also show several other inbound payments that look like they're connected with other jobs the builder has agreed to do. However, the receiving bank has also told us that there haven't been any other allegations of fraud made regarding this account. It seems very unlikely that, if the builder was systematically defrauding his customers, Mrs S would be the only person to have raised concerns about that with her bank.

It's not in dispute that some materials were delivered to Mrs S's property. Mrs S also told us it was agreed that the remaining materials would be kept at the builder's premises. That suggests the builder did initially intend to supply what was paid for. I know Mrs S has pointed out that some of the materials ordered weren't right – but it's not clear to me why the builder would've arranged for the delivery of the wrong materials once he already had her funds. I accept that Mrs S feels the builder behaved unfairly by asking for further payments and then ending communication when she declined to pay more. I can understand why this might feel underhand, but I don't think it's enough to point to dishonest intentions.

Her representative has pointed out that, according to the records on Companies House, the builder has been connected with around twenty limited companies and most of them have been dissolved. I understand why this might appear suspicious, but any conclusions drawn based on that evidence is speculative. It doesn't really tell us very much at all, particularly when considered against the other evidence I've already described.

I should be clear that I'm not ruling out the possibility that Mrs S was the victim of a scam here. I understand she has reported it to the police. Her representative says that an investigation is under way, but there's no evidence to support that. As far as I can see, the police haven't taken any action in connection with her complaint. That might change. If it later transpires that the police do pursue a substantive investigation into the builder, that might alter the balance of the evidence I've described in this decision. If further evidence does become available that supports her case, it should be made available to Nationwide first so that it can reconsider its decision. If Mrs S is unhappy with its response, she'd be free to refer the case to this service at that point.

I don't say any of this to downplay what she's been through. I have a great deal of sympathy for her and the position she's found herself in. However, my role is to look at the actions and inactions of Nationwide and I'm not persuaded that it acted unfairly in deciding to treat this as a private civil dispute.

### **Final decision**

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 8 July 2025.

James Kimmitt  
**Ombudsman**