

The complaint

Mr B and Ms Z complain that Santander UK Plc won't refund the money they lost when they were the victims of what they feel was a scam.

What happened

In mid-2024, Mr B and Ms Z were looking to get a garden room built at their property. They contacted a garden room company who visited the property and provided a quote. And, as they were happy with the price, Mr B and Ms Z agreed for the company to do the work.

Mr B and Ms Z then made a payment of £3,900 from their Santander account, to pay the first instalment of the cost.

Unfortunately, the garden room was never completed. Mr B and Ms Z were given a number of explanations for the delays but their relationship with the garden room company ultimately broke down and the company stopped responding to them. Mr B and Ms Z then reported the payment they had made to Santander and asked it to refund the money they had lost.

Santander investigated but felt this was a civil dispute between Mr B and Ms Z and the garden room company, rather than a scam. So it didn't agree to refund the payment they had made. Mr B and Ms Z weren't satisfied with Santander's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think the available evidence was enough to say what had happened met the definition of a scam. So they didn't think Santander should have to refund the payment Mr B and Ms Z had made. Mr B and Ms Z disagreed with our investigator, 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.

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 and the terms and conditions of the customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

Santander was a signatory of the Lending Standards Boards Contingent Reimbursement Model (the CRM code). This required firms to reimburse customers who had been the victims of certain types of scams, in all but a limited number of circumstances. But customers were only covered by the code where they have been the victim of a scam – as defined in the code.

The relevant definition of a scam from the CRM code is that the customer transferred funds to another person for what they believed were legitimate purposes but were in fact fraudulent.

The CRM code also says it doesn't apply to private civil disputes, such as where a customer has paid a legitimate supplier for goods or services but has not received them, they are defective in some way, or the customer is otherwise dissatisfied with the supplier.

So in order to determine whether Mr B and Ms Z have been the victims of a scam as defined in the CRM code I need to consider whether the purpose they intended for the payment was legitimate, whether the purposes they and the garden room intended were broadly aligned and then, if they weren't, whether this was the result of dishonest deception on the part of the company.

I'm satisfied Mr B and Ms Z made the payment here with the intention of paying for the company to build a garden room at their property. And I haven't seen anything to suggest they didn't think this was legitimate.

But I'm not satisfied the evidence I've seen shows that the garden room company intended a different purpose for the payment, or that Mr B and Ms Z's and the company's purposes for the payment weren't broadly aligned.

I've thought very carefully about this and I think it's a finely balanced matter in this case. But where the evidence available is unclear or inconclusive, I must make my decision on what I think is likely to have happened, based on the evidence I do have.

The garden room company had been registered on the government's register of limited companies and filed accounts for more than a year before the payment Mr B and Ms Z made here, which I wouldn't necessarily expect of a company intending to operate a scam. There were also a number of positive reviews and photos of work done by the company visible online, which I wouldn't expect a scam company to be able to arrange.

From what Mr B and Ms Z have said and the photos they've sent our service, the concrete pad for the garden room to sit on appears to have been laid and the timber frame and roof of the room have been constructed. But I'd usually expect a company operating a scam to do as little work as possible in order to get the maximum possible profit in the shortest period of time. So more work appears to have been done than I'd expect from a company who never intended to complete the work, which I think suggests the garden room company did intend to complete the work here.

I appreciate Mr B and Ms Z have said this work was done by third-party contractors, rather than the garden room company itself, and so the garden room company has not done any work. But the contract Mr B and Ms Z signed with the garden room company states that the company will carry out the ground work, frame and roofing. So I think it's likely these third-party contractors were arranged by the garden room company, and so it is fair to treat this work as if it were done by the company.

Mr B and Ms Z have also said the work that has been done has been done to a poor standard and will have to be re-done before the garden room can be completed. But tradespeople can fail to complete work or complete work to a poor standard for a variety of reasons, which don't necessarily mean they were operating a scam. So I don't think this evidence, in of itself, is sufficient to show that the garden room company intended to operate a scam.

The bank the payment was made to has told us it hadn't received any other scam reports against the account when this payment was made. But scammers usually target a number of people at once, in order to make as much money as possible before the scam is uncovered. So I'd expect to see other scam reports to the same account around the same time if the builder was operating a scam.

I've also seen evidence relating to the account the payment was made to, and while I can't share any details of this evidence, I think it shows the account appears to have been run at the time as I would expect a legitimate tradesperson's account to have been run and doesn't suggest it was being used to operate a scam.

Mr B and Ms Z have said the contractors demanded they make an additional payment before they would begin the work, and that they were threatened with additional costs if they held up the work by not paying. But Mr B and Ms Z's contract with the garden room company states that the first installation payment is due on the first day of work starting. So I don't think that the company, or the contractors, asking that this payment be made suggests that they were operating a scam.

Mr B and Ms Z also provided evidence of a number of other people who appear to have similar complaints about the garden room company. But we must look at each case individually, on its own merits. So I don't think these other complaints necessarily mean Mr B and Ms Z have been the victims of a scam here.

I also haven't been provided with evidence of any investigation by an external organisation which concludes that the garden room company was operating a scam in relation to the payment Mr B and Ms Z made.

So based on the evidence I've seen, I think it's more likely the garden room company here intended to complete the agreed work, but that other factors ultimately meant the work wasn't completed. I don't think the evidence I've seen suggests the garden room company deceived Mr B and Ms Z about the purpose of the payment. I think both Mr B and Ms Z and the garden room company's intentions for the payment were the same – to carry out the agreed work. So I don't think the circumstances here meet the definition of a scam from the CRM code.

And so I don't think the payment Mr B and Ms Z made to the garden room company here is covered under the CRM code, or that Santander should be required to refund the money they lost.

I sympathise with the position Mr B and Ms Z have found themselves in. I appreciate that their property was left in an incomplete and unsafe state, and that they may have to pay another company to complete the work. I'm also in no way saying they did anything wrong or that they don't have a legitimate grievance against the garden room company. But I can only look at Santander's responsibilities here and, for the reasons I've explained above, I don't think it would be fair to hold Santander responsible for the money they lost.

It's possible that material new evidence may become available at a future date, which suggests that the garden room company did take the payment using dishonest deception. If that happens, Mr B and Ms Z can ask Santander to reconsider their claim for this payment and, if not satisfied with its response, bring a new complaint to our service.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Ms Z to accept or reject my decision before 28 November 2025.

Alan Millward
Ombudsman