

The complaint

Miss G is unhappy that Santander UK Plc ('Santander') has decided not to refund the money she believes she lost to an authorised push payment ('APP') scam.

What happened

The background to this complaint is well known to both parties. So, I won't repeat everything again in detail here, but in summary I understand it to be as follows.

Miss G was looking to have some bathroom renovation work done. And upon the recommendation of her landlord, she enlisted the services of a builder whom I'll call 'B'. A price was agreed, for around £2,000 to £2,300.

B seemingly carried out some work, attending Miss G's property in between working other jobs. And a close relationship was formed. The close nature of the relationship led to B to ask Miss G for £2,000, which he needed, not only for materials for the job for Miss G, but also to help him fund another job that he had on the go. B advised he would repay Miss G and she agreed to help.

Below are all the payments Miss G made to B:

Date	Type of payment	Amount
03/06/2024	Faster payment to B	£200
04/06/2024	Faster payment to B	£2,000
10/06/2024	Faster payment to B	£53
	Total	£2,253

Miss G transferred B the £2,000. Around this time, Miss G was also aware that B had a big job coming up and needed funds to purchase materials in advance. He asked Miss G for further help, and she attempted to take out a £4,000 loan but the loan application was unsuccessful.

Miss G wasn't repaid the £2,000 by B and she sought repayment from him. She contacted B who advised that his business was suffering at the moment, and he would seek to repay her. Sadly, it seems the nature of the relationship between Miss G and B deteriorated. B didn't ultimately repay Miss G and didn't finish off the renovations of Miss G's bathroom either, with Miss G advising not even a quarter of the works had been done. And Miss G understood that B left the country subsequently also.

At this time and believing she had been the victim of a scam, Miss G contacted Santander to report the matter to see if it could recover or reimburse her the funds she had paid to B.

Santander considered whether the payments Miss G made to B were covered by the Lending Standards Board's Contingent Reimbursement Model ('CRM') Code. The CRM Code provided additional protection from APP scams and offers reimbursement to scam victims, but only in certain circumstances. In Miss G's case, it concluded she had a private civil dispute with B and civil disputes weren't covered by the CRM Code. So, it didn't consider it was liable to reimburse her loss.

Unhappy, with Santander's response to her fraud claim, and with the service she had received throughout her fraud claim, Miss G brought her complaint to this service. One of our Investigators looked into it but didn't think the complaint should be upheld. In summary, it was our Investigator's view that, based on what he'd seen, it was more likely than not a civil dispute between the two parties. So, he didn't think Santander had acted unfairly in reaching the outcome it had. But our Investigator agreed that Santander had acted poorly in the customer service it had provided Miss G in its handling of her fraud claim. He thought Santander wasn't clear with its claim / complaint process or with its communications of the applicable timescales involved. And he also felt it didn't respond to Miss G on occasions – meaning Miss G needed to follow up and chase matters with Santander unnecessarily.

So, our Investigator partially upheld the complaint and recommended Santander pay Miss G £150 for the unnecessary distress and inconvenience it caused her.

Santander responded advising it had nothing further to add. Miss G responded disagreeing with our Investigator's view and requested an ombudsman's review.

So, as an agreement hasn't been reached, it has been passed to me for a final decision.

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 aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here which is whether Santander acted unfairly in its answering of the complaint that the matter is a civil dispute, and it is not liable to reimburse her under the provisions of the CRM Code. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

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.

The starting position in law is that Miss G will generally be considered liable for authorised payments. It's accepted that she authorised the payments in dispute and so she is liable for them in the first instance. At the time Miss G made the disputed payments to B, Santander was signed up to the CRM Code. The CRM Code provided additional protection from APP scams, but only in certain circumstances.

When Santander received Miss G's claim, it said it didn't think she'd been the victim of an APP scam, meaning it didn't need to reimburse her under the principles of the CRM Code because it didn't apply to her circumstances. For me to say that decision was wrong – and Santander should've refunded Miss G's payments in full – I'd first need to be satisfied that the CRM Code is a relevant consideration in the circumstances.

The CRM Code can only apply where the victim's payment meets the CRM Code definition of an APP scam.

Under DS1(2)(a) of the CRM Code, an APP scam is defined as:

“(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.”

And DS2(2)(b) of the CRM Code says it doesn't apply to:

“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”

There's been no suggestion made that Miss G was deceived into transferring her funds to a different person. So, DS1(2)(a)(i) doesn't apply in these circumstances.

To uphold Miss G's complaint under DS1(2)(a)(ii) of the CRM Code, I'd need to be reasonably satisfied that it is more likely than not that B received her payments for a fraudulent purpose. So, I've carefully considered whether the evidence suggests that B was most likely the “legitimate supplier” of a service and whether Miss G's payments meet the CRM Code definition of an APP scam.

The purpose of a payment forms part of the CRM Code definition of an APP scam. As such, the reason Miss G made the payments is a relevant consideration when determining whether the CRM Code applies in these circumstances or not. For me to say the CRM Code applies in this case, I need convincing evidence to demonstrate Miss G was dishonestly deceived about the very purpose of the payments she made.

In the circumstances of this case, having reviewed all the testimony, information and evidence provided by both parties and from evidence provided by the receiving bank (the beneficiary bank where B held his account), I can't fairly and reasonably conclude that it was more likely than not that B set out with intent to defraud Miss G. I'm satisfied, on the balance of probabilities, that it is more likely than not that the intentions and purpose of the payments match here. Miss G intended for work to be done, and B seemingly intended on fulfilling that purpose by carrying out the works – until things sadly went awry.

Obviously, I cannot know for sure what was in the mind of B at the time Miss G made the payments. So as a result, I must infer what B's intentions were, based on the available evidence that I have had access to.

Miss G was recommended B by her landlord, and Miss G has said her landlord knew B through word of mouth. So, it seems likely to me that B had undertaken other jobs and there hadn't been any widespread negative reviews about B acting fraudulently and obtaining people's money and not completing the work.

This is also supported by the receiving bank providing information to our service about B. I would add at this point that the receiving bank has provided information about B in confidence – to allow our service to discharge our investigatory functions and further assist with the determination of this complaint. Due to data protection laws, our service can't share any information about the beneficiary or the receiving bank account.

From reviewing the information, I note that the receiving bank has advised that it hasn't had any other formal complaints or fraudulent activity reports about B prior to Miss G's report. That doesn't, to my mind, support B being a fraudster intent on deceiving people. Whereas had B been a scammer, then it is likely that there would be further reports of potentially fraudulent activity raised to B's banking provider.

Here, I am also mindful that B attended Miss G's property and carried out some works – albeit I accept it was nothing major. It was seemingly done rather sporadically and at odd points while B possibly attended other jobs, meaning he was always coming and going or leaving to get other parts or materials. And Miss G had advised that not even a quarter of the works had been carried out. To my mind I think if B was intent on defrauding Miss G from the outset, then it is likely they would have not attended the property and carried out works as they did. And it seems to me, from the evidence I have been provided, that a relationship was formed between Miss G and B. And as a result, Miss G made a payment to B for £2,000 which was for materials for her job and another job. And it seems Miss G was happy to do so such was the relationship she had formed with B. I appreciate that materials weren't seemingly purchased for her, and her renovation wasn't completed, but I have to bear in mind the paying of the £2,000 to B, was also seemingly for B to be able to use on another job he had going on. So, while on one hand while I can appreciate Miss G considers it shows B sought to take money from her with no intent to carry out works on her property, it can also be argued that it is equally like that B could have purchased materials or used the money for the other job he seemingly had on the go.

I have also reviewed the communication between Miss G and B that Miss G has provided. From reviewing the text messages / communications that Miss G has been able to provide it does indicate that Miss G wanted repaying, but with B advising that currently his business was bad and that he would seek to repay her in time. I think had B intended to scam Miss G and take her money from the outset then B wouldn't have engaged with any form of contact with Miss G. And from reviewing the communication between the two parties, it is clear that the personal nature of the relationship broke down and deteriorated to an extent that meant both parties threatened each other, which led to communications ceasing and B seemingly going abroad as a result.

I accept that B was most likely a sole trader / handy man who wasn't operating at the standards required, such as having a formal arrangement or agreement of works in place. But it doesn't automatically mean that there was an intent by B to defraud Miss G and take her money without having any intention of carrying out the work or paying her back.

All things considered; I don't find B's actions were indicative of someone intent on defrauding Miss G. And it seems to me that there were other factors that led to the professional relationship breaking down as a result. But just because the relationship broke down subsequently, it doesn't mean that B never intended on carrying out the work or never intended on repaying the £2,000.

I accept Miss G has lost a significant amount of money as a result of what happened, and that she considers she has been badly let down by B. But that in and of itself is not enough to say she's been the victim of an APP scam whereby Santander would be liable to reimburse her. Overall, I'm satisfied that this scenario doesn't meet the CRM Code's definition of an APP scam.

As Santander didn't need to consider this as an APP scam, then it didn't need to go on to seek the recovery of any funds from B. I'm also satisfied that there wasn't anything else Santander could have done to prevent the loss here either, given the value and nature of the payments.

With regard to Santander's complaint handling, I agree with our Investigator. Santander were trying to progress things and provide an answer to Miss G's fraud claim, and on the whole, it was empathetic to Miss G's situation. But I find it could have been clearer around its processes and timescales. And this clearly caused Miss G unnecessary distress and inconvenience. And she was required to follow up with Santander when she hadn't heard from it when she expected to. I agree that £150 is a fair amount to award as compensation here. I say this because while Miss G was caused some distress and inconvenience by Santander, this was in relation to the handling of the fraud claim. But the majority of the distress Miss G was caused was as a result of the actions of B.

I'm sympathetic to the position Miss G finds herself in and I am sorry to have to deliver this news to her. I can see she considers she has been scammed and let down by B and is now out of pocket as a result. But, for the reasons I have explained, I cannot say that Santander should fairly and reasonably be held responsible for refunding her the money she paid. I consider Santander were fair in considering the matter not an APP scam but a civil dispute which isn't covered by the CRM Code and is therefore something that needs to be resolved between the two parties through alternative methods.

Putting things right

Overall and for the reasons explained above, my decision is that I uphold this complaint, in part, and now direct Santander UK Plc to:

- Pay Miss G £150 for the distress and inconvenience caused.

My final decision

For the reasons explained, my final decision is that I partially uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 19 June 2025.

Matthew Horner
Ombudsman