

The complaint

Mr G and Ms P complain about Santander UK Plc.

They say that they have been scammed by a rogue builder and would like to be refunded by Santander under the Lending Standards Board's Contingent Reimbursement Model (CRM) Code.

What happened

Mr G and Ms P say that they fell victim to a rogue trader when they engaged the services of a firm I will refer to as 'L', and limited company, to complete extensive building works on their property.

Between October 2020 and September 2021, payments totalling £418,871.09 were made from Santander to L, which Mr G and Ms P say were part of a scam run by L and its director.

They say that while some of the work was completed, they were deceived by L into paying for materials and works that were not ordered, or completed, and that other works were completed to a poor standard, using sub-par materials, or materials that hadn't been previously agreed to.

They have provided a surveyor's report showing that the works completed were not adequate, and that the costs incurred were not proportionate to the amount of works completed.

They also say that L's other directors have previously been convicted in Germany in relation to building fraud and scams. They also claim that there is evidence of VAT fraud and tax evasion linked to L's dealings in the UK.

Mr G asked the director of L not to return to site after it became apparent that the works were not up to scratch.

Mr G reported L's director to his local Trading Standards office and police force, and the Serious Fraud Office, but there isn't currently any active investigation into L or its director.

Mr G also sought legal advice to sue L in the civil courts, but L went into liquidation in 2023, meaning he was not able to do so.

So, Mr G and Ms P brought the complaint to Santander to request a refund of their loss under the CRM Code.

However, Santander declined to refund them – it said that this was a civil dispute between Mr G, Ms P and L.

The complaint was then brought to this Service where it was looked into by our Investigator. They explained that while there was no doubt that Mr G and Ms P had been treated poorly, and were rightly aggrieved by what had happened, they weren't persuaded that what

happened met the high threshold to be treated as a fraud or scam, and so they couldn't ask Santander to refund the money.

Mr G and Ms P asked for an Ombudsman to make a final decision on the matter, 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 G and Ms P, and I am very sorry for the situation they find themselves in and 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 L completed has cost them dearly on top of the money they have already paid out.

However, my role here is to decide if Santander needs to refund them the payments they made to L – and I'm afraid that I can't say that it does.

It isn't in dispute that Mr G authorised the payments made to L. Because of this the starting position – in line with the Payment Services Regulations (PSR's) 2017 – is that they are liable for the transactions. But he also says that he has been the victim of an authorised push payment (APP) scam.

Santander 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 CRM 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 therefore considered whether the payments made to L fall under the scope of an APP scam as set out above. Having done so, I'm not persuaded that they do. I'll explain why in more detail.

I'm satisfied that Mr G intended to pay L – and that the money was indeed received by L, so I can't say that he and Ms P were tricked into sending funds to a different person.

Therefore, what is left for me to decide is if L and its director set out to deliberately defraud Mr G and Ms P 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.

Mr G was introduced to L and its director via the architect studio they had hired in relation to the building works they were undertaking – which means that L was already known by genuine and reputable industry professionals. I find it unlikely that a rogue trader would be recommended by another firm when they may go on to tarnish the reputation of a genuine firm. Instead, it appears that a relationship had developed where the architect studio was satisfied with work previously completed by L and was happy to provide an introduction.

The work L completed also took place over the space of nearly a year – this is a long time for a building scam to be run over. Usually, I would expect a fraudster to complete as little work as possible before disappearing with a customer's money. However, it appears that extensive work took place, and that for a time at least, Mr G and Ms P were happy with how things were progressing.

It is also clear that many of the payments Mr G says were fraudulent were made at the same time as other payments for materials and services that were genuinely provided – so it is very hard to determine that L set out to defraud Mr G and Ms P at the same time as providing what was paid for.

As part of the review of this complaint, this Service has reached out to the receiving bank – with the intention to see if there was anything that would suggest that L 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 L 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.

I have taken into account what has been said about tax evasion and fraud – but we don't have any evidence of this – and even if this was true, it doesn't mean that L set out to scam Mr G and Ms P. I have also considered the other information Mr G and Ms P have provided from various sources that other customers have been similarly disappointed with the work completed by L – however this also isn't proof that L was being run as a scam either.

Instead, it seems most likely that L 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 there were aspects of work and materials that Mr G and Ms P paid for that were not completed or received, I can't say that L set out to defraud them. While I understand that this is incredibly disappointing for Mr G and Ms P I can't say this means that L set out to scam them from the outset.

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

I understand that Mr G has reported L to Trading Standards, his local police force, and the Serious Fraud Office – but no charges have been brought. I have also not been privy to further correspondence from Trading Standards, or the police about any ongoing investigations into L. That said, should any further information come to light that may suggest that L was running as a scam after all, Mr G and Ms P can refer the matter to Santander 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 G and Ms P to accept or reject my decision before 20 November 2025.

Claire Pugh
Ombudsman