

The complaint

Mrs C is unhappy that Nationwide Building Society (“Nationwide”) won't reimburse her the money she sent to a third-party for building works.

What happened

I'm not going to cover all the points raised in detail. The view of 17 July 2025 covered the details of Mrs C's testimony. But briefly between 17 May 2024 and 14 October 2024, Mrs C made 14 payments to a company (I will refer to as D in this decision) for building works.

On 24 October 2024, D told Mrs C that it had gone insolvent and had to cease trading. Whilst D said it would try and get another company to complete the project and provide Mrs C with a refund, Mrs C subsequently felt D was ignoring her. She said that whilst D had done some work, it was substandard and incomplete.

Mrs C complained to Nationwide that she'd been the victim of a scam. Nationwide said this was a civil dispute between Mrs C and D.

Mrs C bought her complaint to this service. Our investigator did not uphold the complaint. She said the matter was a civil dispute which isn't covered by the Contingent Reimbursement Model (CRM) Code or the Faster Payments Scheme Reimbursement Rules (“Reimbursement Rules”).

Mrs C didn't agree. She said:

- This was an authorised push payment (APP) scam under the definitions due to fraudulent misrepresentation.
- The builder has a history of dissolving companies under similar circumstances. The evidence on Companies House suggests he knew the consequences of ignoring Companies House notices while continuing to accept consumer funds. This demonstrates a pattern of fraudulent or dishonest conduct.
- D accepted funds with no genuine intention or capacity to complete the contracted work.
- While the builder did attend the site on occasion, it's likely he did enough work to keep Mrs C paying whilst knowing the company was on compulsory strike off.
- As a widow alone, Mrs C felt vulnerable. She questioned the lack of progress in relation to the amount she had paid but she was made to feel if she stopped paying, D would walk away from the job.
- Accepting payments whilst barely working is not the behaviour of someone trying to keep afloat.
- It's difficult to understand how D (based on its size and structure) could have been in financial difficulty.

- The director of D is also a director of two other companies unrelated to construction. She would like the ombudsman to consider whether any of her payments went to these companies.
- The builder's history of dissolved companies, and the way he continued taking payments during strike-off, point to a broader pattern of conduct not an isolated misjudgement.

As the complaint could not be resolved informally, it has been passed to me for a 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.

Having done so, I've come to the same outcome as the investigator for broadly the same reasons.

I understand Mrs C has strong views about what has happened. I want to assure her that I've considered everything she's provided to support the complaint very carefully.

I have read the detailed responses to the investigator's view and all the evidence on the file. If I don't mention a particular point or piece of evidence, that's not because I haven't taken it into account. It's just that I don't consider it necessary to reference it to explain my decision, which is focussed on what I consider to be the main and material issues on which this complaint turns.

I'm sorry to hear about the situation Mrs C has been left in by D and her vulnerable circumstances at the time. She has paid a large sum of money for building works. It's clear that Mrs C feels strongly that D has tricked her. From her perspective, D provided substandard half-finished work and charged for work not completed.

I'm not deciding a dispute between Mrs C and D. I don't have any power to look into a complaint about D and how it acted, or about what the builder said or didn't say or the quality of their work. My role is limited to looking at whether Nationwide has treated Mrs C fairly. Specifically, on whether it has obligations that might mean I can tell Nationwide it needs to do more to help Mrs C. It's important to note that it isn't for Nationwide (or this Service) to investigate D or somehow prove that D wasn't operating legitimately.

When considering what is fair and reasonable, I'm also 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 relevant time.

Where I can't know for certain what has happened, I need to weigh up the evidence available and make my decision on the balance of probabilities – in other words what I think is more likely than not to have happened in the circumstances.

In broad terms, the starting position in 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 firms to reimburse the customer even though they authorised the payment.

Prior to 7 October 2024, Nationwide was signed up to the voluntary Contingent Reimbursement Model (CRM) Code. Under the CRM Code, the starting principle is that a firm should reimburse a customer who has been the victim of an Authorised Push Payment ('APP') scam.

But the CRM Code is explicit that it doesn't apply to "private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services ... but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier."

An "APP scam" is defined in the Definitions and Scope section of the CRM Code:

"Authorised Push Payment scam, that is, a transfer of funds executed across Faster Payments, CHAPS or an internal book transfer, authorised by a Customer in accordance with regulation 67 of the PSRs, 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 quite explicit that it doesn't apply to all push payments. It says: *"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"*.

The final two payments were made after 7 October 2024 when the Faster Payments Scheme Reimbursement Rules "Reimbursement Rules" came into force.

Similarly, the Reimbursement Rules¹ set out the requirements for a payment to be covered and set out the features and definition of an APP scam. The Rules specifically define an APP scam as:

"Where a person uses a fraudulent or dishonest act or course of conduct to manipulate, deceive or persuade a Consumer into transferring funds from the Consumer's Relevant account to a Relevant account not controlled by the Consumer, where:

- *The recipient is not who the Consumer intended to pay, or*
- *The payment is not for the purpose the Consumer intended"*

And the Rules specifically outline that private civil disputes are not covered. The term private civil dispute is defined in the Rules as:

"A dispute between a Consumer and payee which is a private matter between them for resolution in the civil courts, rather than involving criminal fraud or dishonesty."

In its published policy statement PS23/3, the Payment Systems Regulator gave further guidance:

"2.6 Civil disputes do not meet our definition of an APP fraud as the customer has not been deceived [...] The law protects consumer rights when purchasing goods and services, including through the Consumer Rights Act."

¹ <https://www.wearepay.uk/wp-content/uploads/2024/09/FPS-Reimbursement-Rules-Schedule-4-v3.0.pdf> at paragraphs 3.8-3.10

2.5 provides an example of when this might apply:

“...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.”

The CRM Code and Reimbursement Rules are not a general protection for consumers. Instead, they only apply in very specific circumstances – where the customer has been the victim of an APP scam. And there are a number of potential reasons (other than a scam) for the breakdown in a relationship between two parties for a dispute to exist. And unfortunately, businesses (such as D) can fail or be mismanaged such that contracts are breached and agreed goods and services aren't provided. But that doesn't necessarily amount to evidence of an intent to commit an APP scam.

For me to conclude that Mrs C has been the victim of an APP scam, I'd have to be satisfied that D deliberately tricked her into making the payments for services it had no intention of providing at the time she made them.

There's no dispute that D did do some work for Mrs C here and a substantial amount of work was carried out over several months. This suggests an intention to deliver the agreed services. D may have provided substandard work and not completed the job but that's not enough to say this was an APP scam. Overall, D appears to have done a considerable amount more work than I'd expect from someone who never intended to complete the work.

I note Mrs C's concerns about the director of D and his other unrelated businesses. I am unable to share details about a third party and the nature of their relationship with their bank. But the evidence I've seen, regarding the beneficiary account indicates that D's account was legitimate. The activity is generally consistent with someone in the building trade – including materials and wages. And the bank hasn't said it had any concerns about how the account was being operated prior or after Mrs C's payments. This is not typical of a scammer's account.

In my view the messages between Mrs C and D also reflect a break down in communications between the parties, further suggesting this is more likely a private civil dispute.

The issue seems to be that the work wasn't of satisfactory quality. This is an issue clearly stated as not being catered for within the CRM Code and Reimbursement Rules. In other words, the fact that the building works are not to a satisfactory standard, doesn't make this an APP scam. So, as the problems come down to the quality of the work, I can't say Mrs C has been the victim of an APP scam.

I can see why Mrs C feels differently. D may have provided substandard work and not completed work it charged for. D may have continued to take money whilst under compulsory strike off and/or been acting unprofessionally and is now uncontactable, but I still think D's intention was to do the work that had been agreed and that the payments were being made for the purpose Mrs C transferred them for. Mrs C has still received the service she paid for, albeit that the work done isn't of satisfactory quality.

Mrs C has my sympathies. She has found herself in an unenviable situation. I'm not saying she doesn't have a legitimate grievance against D. But I can only look at Nationwide's responsibilities here. This type of dispute isn't something that the CRM Code or Reimbursement Rules cover or that Nationwide can be held responsible for.

Overall, I don't think Nationwide has treated Mrs C unfairly when it made the decision not to reimburse her. I'm satisfied that there hasn't been a building society error in this case. I can't see any fair or reasonable grounds on which I could say that Nationwide should bear the responsibility of Mrs C's loss, and I don't think it ought to have done more to assist Mrs C in the circumstances – by intervening to prevent the payments or attempting to retrieve the payments from the beneficiary account.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 5 January 2026.

Kathryn Milne
Ombudsman