

The complaint

Mr and Mrs K are unhappy that The Royal Bank of Scotland Plc (“RBS”) won’t reimburse money they say they lost to a scam.

What happened

In early February 2025, Mr and Mrs K employed a tradesperson (“Mr R”) to carry out a renovation of their bathroom. As it is Mr K that generally corresponded with our service and with Mr R, I’ve mostly referred to him throughout this decision .

Mr and Mrs K identified specific fixtures and fittings that they asked Mr R to install. On 12 February 2025 a payment of £4,420 was made to Mr R in order for him to purchase those items.

By late March 2025, a dispute had arisen about the items that Mr R had ordered, as well as the time taken to carry out the work. Mr K messaged Mr R. He said that he’d “had enough” and requested that Mr R provide a receipt for the bath, tap and shower tray (which had all been fitted) and provide the wet wall panels (which had not been delivered or fitted). Mr K said he’d then deduct the costs from the £4,420 paid and request the balance back from Mr R.

Mr R’s partner messaged Mr K. She refused to provide a refund – saying that labour costs had not yet been billed and that Mr R was willing to finish the bathroom.

Mr K wrote to Mr R on 8 April 2025. He said that he’d terminated the contract due to the use of substandard materials, the poor quality of work and the time taken.

Mr R responded. He claimed that the items were a close match to those requested and that he only charged for materials that were actually provided. Mr R said that he was subject to repeated and unacceptable threats and that he hadn’t charged labour costs despite a significant amount of work having already been completed.

By this point Mr K had also contacted RBS to ask it to reimburse the money he paid. It declined to do so. Mr K wasn’t happy with this response and didn’t think the matter had properly been considered, given that the decision to treat the matter as a civil dispute, rather than a scam, was made the same day he contacted RBS and seemed to contradict advice he’d received from professional bodies.

He referred a complaint to our service. Mr K told our investigator that Mr R had claimed to be Gas Safe registered and this had been a key factor in them deciding to go ahead with the renovation. He said that Mr R also claimed to be setting up a limited company, but this wasn’t true either.

Our investigator looked into the complaint but didn’t think that Mr K had provided enough evidence that he had fallen victim to a scam and wasn’t, instead, involved in a civil dispute.

Mr K disagreed, in summary he argued:

- The circumstances met the definition of an APP scam under the new reimbursement rules.
- Mr R knowingly misrepresented his credentials and falsely held himself out to be a qualified and experienced tradesperson.

- He created a deceptive online presence through manipulated and/or false reviews.
- There was a material misrepresentation of the payment purpose – because Mr R failed to carry out the work and used low quality materials without his consent.
- Other customers have suffered the same experience – suggesting a pattern of fraud.
- Mr R ceased all communication with him and ignored a request to return and complete the work, which is consistent with a fraudulent scheme.
- Invoices that Mr K has now obtained show that incorrect items were purchased, weren't returned and, in some cases, items were purchased using their money that weren't required and may have been used in other projects.
- Trading Standards and Consumer Advice Scotland have confirmed that the matter is a criminal scam.
- He remained unhappy with the way that RBS had dealt with the complaint – particularly how quickly it had provided an answer, despite the complex nature of the dispute.

He also advised our service that he was pursuing Mr R through the civil courts.

As no agreement could be reached, the case was 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.

The starting position in law is that RBS is not responsible for reimbursing payments that have been properly authorised by an account holder. However, since 7 October 2024, Payment Service Providers in the UK, like RBS have been bound by the Faster Payments Scheme and the CHAPS Reimbursement Rules (“the Reimbursement Rules”). The Reimbursement Rules require firms to reimburse most victims of Authorised Push Payment (“APP”) scams, but do not cover “private civil disputes”.

The Reimbursement Rules 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”*

A private civil dispute is defined 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”*.

There's no doubt Mr and Mrs K paid who they intended to pay. The dispute here is about whether the payment was for the purpose Mr and Mrs K intended.

Therefore, and in summary, in order for me to ask the bank to reimburse Mr K, he'd need to demonstrate that:

- Mr R deceived him into making the payment using fraudulent or dishonest acts; and
- His purpose for the payment was materially different to Mr K's.

And it is for Mr K to demonstrate that Mr R's actions were criminal in nature, not for me to show that they were not.

From the messages I've seen, it's clear that Mr R carried out some work on Mr K's bathroom and it was Mr K that terminated the contract. After Mr K terminated the contract, a dispute arose about the costs. Mr K believed he was entitled only to pay for the items that had already been fitted or ordered, whereas Mr R argued that he hadn't charged any labour costs and refused to refund any money. This seems to me to be clearly a contractual dispute.

The fact that Mr R failed to provide the wet wall panels following Mr K's termination of the contract isn't particularly surprising and doesn't prove fraud. At that point, it was clear to Mr R that he would not be receiving any payment for his labour and was involved in a dispute.

Whether Mr K was entitled to terminate the contract based on the alleged breaches and whether Mr R was entitled to retain the money he was paid are matters of contract law, not criminal law, and should be resolved by the civil court.

It doesn't appear to be in dispute that Mr R didn't provide the same items that Mr K requested (and Mr K's evidence does suggest they were cheaper alternatives). But I can see from Mr R's response to Mr K's letters that he strongly denies the allegations put forward by Mr K. Mr R says that although the items he ordered were different to those specified by Mr K, he did not invoice Mr K for the more expensive items. He also claims that the items were "as close a match as possible" to the ones Mr K selected. Mr K has alleged that the invoice he was provided with showed that he'd been charged twice for certain items, including VAT. Again, there is clearly a dispute between the parties about what happened – one that could be decided in a civil court based on the submissions and evidence of both parties. The evidence I have does not demonstrate that Mr R never intended to provide the items that Mr K requested or that he ultimately intended to invoice Mr K for the more expensive items (for example, Mr K was invoiced for the cheaper bath, not the more expensive one that Mr K had requested).

Mr K has provided invoices that he's obtained that he says shows that Mr R ordered the wrong items from a different supplier and purchased items for an entirely different job under their name (and using their money). In the case of the former, the invoice appears to show that the wrong items were simply a different colour. In the case of the latter, while Mr K is referenced as the client, I haven't seen any evidence he was invoiced for those items. So, neither invoice, in my view, demonstrates criminal wrongdoing.

As for Mr R's online presence, Mr K hasn't provided any evidence that his online reviews are fake or manipulated. He has shown that Mr R had some negative reviews, but no more than you'd expect for a genuine business that has been operating for any length of time. From what I can see, Mr R continues to trade.

He also continued to correspond with Mr K after the point that he requested a refund – initially through instant messages and once Mr K broke off that method of correspondence, by letter. It seems to me that Mr R is prepared to defend his position in court – which, in my experience, is very unusual for a fraudster.

I note Mr K's comments about Mr R being Gas Safe registered. Even accepting that Mr R misrepresented himself in this way, I'm not persuaded that this type of misrepresentation would mean that Mr R's purpose for the payment was significantly different to Mr K's. The same is true for the claim that Mr R would be setting up a limited company.

It's clear that Mr K didn't get what he wanted and, out of frustration, decided to terminate his contract with Mr R. But he hasn't done enough to demonstrate that Mr R fraudulently deceived him into making the payment or that Mr K's purpose of the payment – to purchase materials used for the bathroom was materially different from Mr R's. That means that I've decided that the payment in dispute is not covered by the Reimbursement Rules and that RBS has not made a mistake by declining to reimburse it.

That isn't to say that I've found that Mr K has been treated fairly by Mr R or that Mr R hasn't breached his agreement with Mr K – but they are matters for the civil court to decide. And I'm naturally sympathetic that Mr and Mrs K were left without bathroom facilities, particularly as I understand a member of their household was vulnerable.

I also understand Mr K's frustration at the bank – it decided the matter was a civil dispute based on far less information than our service has considered. Its explanation that, because some items were provided, a scam had not taken place, was simplistic and failed to grasp the relevant test under the Reimbursement Rules. Nevertheless, the answer it gave is ultimately one that I agree with and I'm not persuaded that Mr K would have been satisfied with a more comprehensive and better reasoned response that delivered the same outcome. So I don't make any award of compensation.

My final decision

For the reasons I've explained, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K and Mrs K to accept or reject my decision before 13 February 2026.

Rich Drury
Ombudsman