

The complaint

Ms L complains that Santander UK Plc won't refund the money she says she lost to a scam.

What happened

Ms L's daughter has complex mental health issues, and Ms L is her carer. They felt that Ms L's daughter would benefit from a therapy dog, and began to look into buying one. In Mid 2023 Ms L found what she believed was a suitable dog, but after a short time it became clear that the dog was not what she had expected in terms of temperament, so Ms L returned the dog to the supplier. Ms L reported the payment she made for this dog to Santander to see if she could be refunded, but Santander said that the matter was a civil dispute as Ms L had received the dog. Ms L says Santander told her at this time that if the dog had not been provided then they would be able to consider the matter as a scam.

In 2024 Ms L found another company which said it could provide a suitable dog (I'll call this company 'R'). Ms L carried out various checks of her own on R and was satisfied it was genuine and could supply the kind of dog that she wanted. So, in October 2024 Ms L paid a deposit of £1,497.50 to R, her understanding was that R would find an appropriate dog and provide it with suitable training. Ms L would then pay the remainder of the cost when she received the dog. Ms L understood this process could take several months.

Over the next few months R's correspondence was sporadic, and Ms L had to chase for updates and for information about the dog. Eventually, R said it would arrange a meeting for Ms L and her daughter with the dog it had found and its trainer. But this meeting did not take place as R didn't provide the necessary details to Ms L for her to attend. Ms L continued to ask for updates from R and eventually R said it would not be arranging a meeting, ultimately Ms L said she wanted a refund of what she had paid, she said she did not believe R had any intention of fulfilling the original agreement. But no refund was forthcoming, so Ms L raised the issue as a scam with Santander.

Santander looked at what had happened, but said Ms L wasn't eligible for a refund under the relevant regulations as it didn't think she had been the victim of a scam. It said it thought this was more likely a private civil dispute between Ms L and R.

Unhappy with Santander's response, Ms L brought her complaint to this service and one of our investigators looked into things. But they agreed with Santander that this was most likely a civil dispute, and so Ms L was not entitled to a refund of the payment she had made. Ms L remained unhappy, she maintains that R never had any intention to supply a dog, and notes that other people have had a similar experience with R.

As the case could not be resolved informally, it's 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 and having thought very carefully about Santander's actions, I agree with the findings set out by our investigator. I do appreciate how disappointing this will be for Ms L but, whilst I'm sorry to hear of what's happened, I don't think I can fairly hold Santander liable for the loss.

This is because not all cases where individuals have lost sums of money are in fact fraudulent and/or a scam. So, whilst I can quite understand why Ms L feels that this was a scam, there is a high legal threshold or burden of proof for fraud and there are a number of potential reasons (other than a scam) for the breakdown in a relationship between two parties and for a dispute to exist.

When considering what is fair and reasonable in this case, I've thought about the Contingent Reimbursement Model Code (the CRM Code) which Santander was signed up to and which was in force at the time Ms L made this payment.

Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam. So, I've thought about whether the CRM code applies in the circumstances of this complaint, and whether Santander therefore ought to reimburse Ms L under the provisions of the CRM Code.

The CRM Code only applies in very specific circumstances – where the customer has been the victim of an APP (authorised push payment) scam. Under the CRM Code, an APP scam is defined as:

“...a transfer of funds...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 quite explicit that it doesn't apply to all push payments. It says:

“DS2(2) 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.”

Fraudulent isn't defined in the CRM Code, but as the CRM Code specifically excludes civil disputes, I think I need to consider, as a first step, whether this was a scam (where a scammer takes money from a customer for no legitimate purpose) or a civil dispute (where a payment is made to a legitimate trading company or business, but there is some dispute about the goods or services that should have been supplied).

If this was a scam, or fraud – then banks (including Santander) must follow industry and regulatory guidance, including the CRM Code, to check certain payments and in some circumstances, protect customers by stopping the payments and contacting customers about them. And where banks haven't followed the guidance, they can be asked to refund them. But where payments are made to a legitimate business for a legitimate reason, then such principles don't apply. This is then classed as a civil dispute, and for which banks normally have no liability.

Having thought very carefully about all that Ms L has said, and about the evidence provided by all parties to this complaint, I'm not persuaded that I can safely say with any certainty, based on what I know and what the evidence shows, that R set out with an intent to defraud Ms L.

I say this for the following reasons:

- R was registered on Companies House and had been submitting the relevant paperwork to maintain that registration at the time Ms L made her payment.
- R held a breeding licence and appears to have been an approved supplier of goods relating to dogs at the time Ms L made her payment. R also has an online presence with a functioning website and social media pages.
- Online reviews for R were mixed, while there is no doubt that some people had a similar experience to Ms L, there were also positive reviews of R, and Ms L spoke directly with someone who had received a suitable dog from R.
- There are comments online from an ex-employee of R, while these comments are not positive they do suggest that R was keeping and training dogs, albeit to a poor standard.
- The deposit Ms L paid was not refundable if R had already sourced a dog, which the contact between Ms L and R suggests they had.

All of this leads me to consider that R was more than likely attempting to operate legitimately at the time this payment was made. I acknowledge that the process did not proceed as Ms L had expected, and that ultimately she did not receive the dog she had paid a deposit for but there are many reasons, other than fraud, why a legitimate business may do substandard work or fail to supply the agreed goods or services. A business may act unprofessionally but still be carrying out legitimate business, and this service isn't in a position to forensically analyse R's actions here; we must consider the evidence that is before us. And, in doing so, I've not seen persuasive evidence that R set out to defraud Ms L.

With this in mind, I therefore think it is fair to consider R a legitimate supplier. And it's clear from what has happened that Ms L paid R for services/goods that were not provided, so I'm satisfied that this situation meets the definition of a civil dispute as set out in the CRM code, this means that Ms L is not entitled to a refund from Santander under the Code. This is not to say that there is no issue at all between Ms L and R, clearly there is. But this type of dispute isn't something that the CRM Code covers or that it would be fair to say that Santander should bear any liability for.

I do acknowledge that Santander had suggested to Ms L previously that if no dog was received then a payment could be considered a scam, but that would always depend on the particular circumstances of a case. And in this case, I'm satisfied that even though a dog was not supplied, the situation here does not meet the high bar where we could reasonably consider it fraud.

I know this will be a huge disappointment to Ms L. I appreciate how strongly she feels about this case. But for the reasons I've explained above, I do not consider that the payments in dispute here are covered under the CRM Code, or that it would be fair to hold Santander responsible for the money lost under any of the other relevant regulations or guidance.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 8 January 2026.

Sophie Mitchell
Ombudsman