

The complaint

Mr and Mrs K are unhappy that National Westminster Bank Public Limited Company ('NatWest') won't refund them after they reported being the victims of a scam.

What happened

Both parties are aware of the facts of the case so I will provide a summary of events. This summary will not cover everything that happened for brevity, but I want to assure Mr and Mrs K that I have considered all the evidence that they provided.

Mr and Mrs K decided to build a double-storey extension on their home. They looked into different options for how to make this happen and settled on a turnkey design and build package, where a single contractor manages all aspects of the project. They found a company (which I shall call 'Company C') on a website which specialises in finding tradesmen in a customer's local area. Mr and Mrs K researched the company online and saw they had good reviews. Company C quoted £100,000 for the project which was more expensive than other quotes, but Mr and Mrs K thought this was because they were a big company providing a stress-free build. Mr and Mrs K extended their mortgage with NatWest to fund the project.

Mr and Mrs K agreed to make payments to Company C in stages. They made two payments in March 2024 totalling £60,000 for the deposit and materials. Initially the builders started on the groundworks but a building inspector found that it wasn't to standard and needed additional work to be put right. As an apology, the director of Company C, who I shall call 'Mr D' offered to provide windows at a reduced price, but he said he would need the next £30,000 instalment paid in order to purchase the windows. Mr and Mrs K paid the £30,000 in April 2024. Mr K said that the final straw for him was when he went away in November 2024 and Mr D instructed his builders to remove the tiles from the roof. He then asked Mr K to pay the final £10,000 (which was meant to be for completion of the work) as he had no money left to replace the roof. Mr K was understandably deeply unhappy about this as he felt Mr D had done this deliberately to get them in a vulnerable position to get more money from them. Mr K ended the contract with Company C as he felt he had no other choice.

Mr K arranged for another roofer to repair the roof, and he contacted a number of parties such as the police and a solicitor about what had happened. Company C went into liquidation and Mr K found a group on social media of other individuals who had all been impacted by Company C and Mr D. Mr and Mrs K reported what had happened to NatWest and also complained that they should have done more to investigate the builders at the point where their mortgage extension was being considered. NatWest declined to reimburse them as they considered the matter to be a civil dispute. As Mr and Mrs K were unhappy with this outcome, they contacted the Financial Ombudsman Service with their complaint.

Our Investigator looked into the matter and thought there wasn't enough evidence to say that a scam had occurred and that NatWest weren't required to investigate Company C at the point they applied for additional borrowing secured against their home. Mr and Mrs K disagreed, asking for a final decision on the matter. They also referenced that another person had received a successful outcome from the Financial Ombudsman Service.

As Mr and Mrs K requested a final decision, the complaint has now come to me to decide.

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.

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 having been good industry practice at the time.

I appreciate that Mr and Mrs K have provided detailed submissions about why they believe the matter to be a scam and why they should be entitled to reimbursement. I want to reassure them that I have considered all of their points, but I will only be commenting on the points I consider which get to the heart of the matter. I also want to take the time to say I'm sorry that this happened to them, and I recognise how deeply the issues with Company C and their home impacted the whole family.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations 2017 and the terms and conditions of the customer's account. However, that isn't the end of the story.

At the time of the payment, NatWest was a signatory to the Lending Standards Board's Contingent Reimbursement Model Code ('the CRM Code'). The CRM Code did provide reimbursement to some victims of Authorised Push Payment ('APP') scams, but it did not always apply.

The CRM Code specifically says it doesn't 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;*"

NatWest said they consider what happened between Mr and Mrs K and Company C to be a civil dispute, so it isn't covered under the CRM Code and they don't have to reimburse for this reason. However Mr and Mrs K believe they have been scammed, so I have considered if what happened to them falls under the CRM Code's definition of a scam.

The relevant section of the CRM Code defines an APP scam as:

The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.

So for me to find that Mr and Mrs K had been the victims of a scam, rather than a civil dispute, I would need to be satisfied that:

- (a) There was a misalignment between Mr and Mrs K's purpose for making the payment and Company C and Mr D's purpose for procuring the payment; and
- (b) The difference between the two purposes must be due to dishonest deception on the part of Company C and Mr D

One of the key considerations here is thinking about Mr D and Company C's intentions when procuring the payments – did they intend to dishonestly deceive Mr and Mrs K about carrying out the work?

I appreciate there are challenges in establishing what another person's intentions were and that I cannot know for sure. So I must consider all the available evidence and weigh this up

in order to decide on balance what I think Mr D and Company C's intentions are likely to have been.

I also want to make it clear that the threshold for me saying fraud has occurred is a high one, (though not as high as in criminal proceedings). My role is to decide if I think fraud is more likely than not to have happened. It isn't enough for fraud to be one of a number of plausible theories for what happened, it has to have been more likely than not to have occurred.

Looking through the evidence provided, I can see that there are a number of points which could suggest a scam has occurred:

- There are a number of media reports about Mr D and Company C which suggests a significant number of customers are unhappy with them, with many reporting similar experiences to Mr and Mrs K. This could suggest that Mr D has a specific method of operating - deceiving customers into paying large sums upfront before not finishing their builds.
- Trading Standards are investigating the matter and are collecting statements from around 40 families. It seems unlikely that Trading Standards would be looking into the matter if the issue was clearly a civil dispute with no leads of enquiry.
- Regarding Mr and Mrs K's situation specifically, certain aspects of Mr D's business conduct could be considered questionable. I appreciate I only have Mr and Mrs K's side of the story, but it does not seem like ethical business practice for Company C to dismantle Mr and Mrs K's roof in November when there were financial challenges to replacing it. Mr K has also described the poor quality of work that was done and how slowly work progressed once significant payments had been made – it could be that this was a sign Company C didn't intend to finish the build, as there is a suggestion they weren't putting much resource into completing the build.

However, there are other considerations which make it difficult for me to conclude on balance at present that Company C and Mr D never intended to finish the build:

- Fundamentally, Company C did do some work for Mr and Mrs K, and whilst the work had progressed extremely slowly and was not all up to a satisfactory standard, the point still stands that work was continuing at the property when Mr K terminated the contract. It's difficult for me to say that Mr D and Company C didn't intend to complete the job when they were still working on it at the time the contract was terminated. I'm conscious that this could be the typical way Company C worked in order to force customers to cancel their contracts, but I don't have enough evidence to make this conclusion on balance.
- I'm aware that Mr D took significant amounts of funds up front from his customers. This could be interpreted in two ways – either it could suggest he is a scammer trying to maximise his financial gain with no intention of completing the project, or it could alternatively indicate he is a builder with poor project and budget management who needed money to progress other customers' projects first. Poor project management on its own wouldn't be enough for me to conclude that what happened was a scam. Again, I don't have enough information about how Company C was operating financially or the scope of the jobs that had been taken on to say the payment requests weren't ultimately being used on building works.
- I have considered account statement evidence from the bank that received Mr and Mrs K's payments to see if it can shed light on Mr D

and Company C's intentions. Unfortunately, the statements have been partially redacted so that I cannot see who Company C were paying by bank transfer. This makes it difficult for me to get an overall sense of how Company C were spending the money they received and to see if they were legitimately paying workers or were sending funds elsewhere. Fortunately, payments made by card and direct debits have not been redacted, but these statements show evidence of purchases that I would expect from a building company such as payments to building merchants and suppliers. This could indicate that Company C was legitimate as they did seem to be operating the account how

I would expect a builder to do so, but I do appreciate that card spending was only part of the spending on the account. It may be that another body such as the police or Trading Standards is able to construct a more detailed narrative about Company C and Mr D's spending in future.

- Whilst Mr K says Trading Standards are currently collecting statements from customers about what happened, we don't know at this point if Mr D will be charged with committing an offence, or what the potential charges could be. I appreciate there is a possibility he will be charged under fraud offences (which would support the notion that he intended to scam his customers) but Trading Standards can also bring prosecutions based on offences that don't involve dishonesty, so there is a chance that the investigation concludes that Mr D may have done something wrong in how he conducted his business, but it might not necessarily indicate that he intended to scam customers. So I am cautious about reading too much into the fact that Trading Standards is looking into matters, as it is still too early to know what sort of outcome will come from any investigations and whether it will support Mr and Mrs K's claim.

For the reasons given above, I am unable to say at this point that a scam occurred. I want to make it clear to Mr and Mrs K that this decision is not condoning the alleged actions of Mr D or Company C in any way. It's clear from the testimony received and the media stories I have seen that Mr and Mrs K and many other families have suffered significant stress and shouldered substantial financial losses in trying to renovate their properties with Company C. However, at this point in time, with the evidence currently available, I think NatWest acted fairly in deeming what happened to be a civil dispute and so is not covered under the CRM Code.

Mr K has said another complaint with similar circumstances was referred to the Financial Ombudsman Service and was upheld. However each case is decided on its own merits and I have to look at the complaint before me. I have explained above why it was reasonable for NatWest to conclude the matter was a civil dispute based on the circumstances of this complaint and I cannot comment on other cases.

Mr and Mrs K were also unhappy that NatWest didn't do more to protect them initially when they were applying for a mortgage extension to finance the project. They felt that NatWest should have done checks on Company C at this point. Whilst I understand Mr and Mrs K's perspective, NatWest did not have any scam concerns at this point, so I wouldn't have expected them to do any checks. It's also not clear that any checks could have uncovered anything of concern at the time.

I'm aware that many families have been impacted by what happened, and have submitted their statements to Trading Standards, so it may be the case that further on down the line new evidence comes to light that changes things. Should this happen, Mr and Mrs K could ask NatWest to review the new evidence.

My final decision

My final decision is that I do not uphold this complaint against National Westminster Bank Public Limited Company.

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 18 May 2026.

Paula Lipkowska
Ombudsman