

The complaint

Mr W complains that Santander UK Plc won't reimburse money he says was lost to fraud.

What happened

As the circumstances of this complaint are well-known to both parties, I have summarised them briefly below.

Mr W employed the services of a contractor, who I will refer to as Mr S, to carry out building works at his residence. Mr S represented a business I will refer to as Company W.

As part of their contractual agreement, Mr W made two payments from his Santander account to cover a deposit for the building works to be completed and for the purchase of materials, which were to be installed at the site.

Builders did initially attend the site and carry out partial construction works. But following on from this, no further works were completed and contact with Mr S failed to yield any further progression of the project, or refund of the funds paid.

Believing he'd been the victim of fraud, Mr W reported the matter to Santander. But after consideration of his claim, Santander concluded it wasn't liable for his loss. It said that the matter was more likely than not a civil dispute between Mr W and Mr S, therefore it was not required to reimburse any of his loss.

Mr W disagreed with that assessment, so he referred his complaint to our service for an independent review. An Investigator considered the evidence provided by both parties but concluded that Santander had made an error in not reimbursing Mr W his loss. In summary, they concluded that Mr W had likely been the victim of fraud.

Santander disagreed with that assessment, so the matter was passed to me to decide.

On 21 January 2026, I issued my provisional findings to both parties, setting out that I was minded to overturn the Investigator's assessment and not uphold the complaint. My provisional findings were as follows:

"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 in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

There is no dispute here that Mr W authorised the transactions in question. And the starting position in law is that Mr W will be held liable for the transactions he authorised in the first instance. That is due to Santander's primary obligation to process payments in line with its customer's instructions, as set out in the Payment Services Regulations 2017.

However, Santander was a signatory to the Lending Standards Board's Contingent Reimbursement Model (the CRM Code) at the time the payments were made. Under that Code, firms are expected to reimburse customers who fall victim to fraud, subject to a number of conditions and exceptions. But the CRM Code is only relevant if I'm persuaded Mr W was a victim of fraud. The Code specifically doesn't cover certain types of disputes. It says:

"This Code does not apply to...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".

Santander's main contention in this complaint is that Mr W hasn't been the victim of fraud, as defined within the provisions of the CRM Code. To the contrary, Mr W argues that he has been a victim of fraud. I therefore first need to make a finding on whether the CRM Code can be applied in these circumstances.

Mr S was a sole trader, operating under the trading name of Company W at the time the payments were made. Open resource checks on Company W reveal that there have been mixed reviews regarding its operation, with many reporting contractual obligations being fulfilled to a satisfactory standard, and others reporting similar circumstances to Mr W's. This would suggest that Mr S was attending properties under the trading name of Company W and carrying out the works he was employed to do on many occasions.

This is also supported by the bank statements I have seen from the account Mr W paid. This account was set up in the name of Mr S, trading as Company W. And I can see from the transactions being made on that account that it was largely being used for what appears to be legitimate business purposes, including substantial payments being made to merchants that sell materials associated with Company W's trade.

Furthermore, the operator of that account has confirmed that prior to Mr W's report of fraud, no other such reports were made to it. And this is despite there being a large number of credits into the account that are seemingly for similar contractual work.

The evidence I have laid out thus far would indicate, on the balance of probabilities, that Company W was a legitimate firm, generally carrying out its function as a provider of goods and services.

So, the question to consider here is if there is sufficient evidence to support the assertion that at the time of agreeing to carry out works for Mr W, Mr S had the intent to defraud him and never complete those works.

It is clear from the evidence provided that Mr S left the site in an unacceptable state, having barely completed the construction and failing to deliver materials that were paid for and required to complete the project. But a failure to complete a project and provide materials paid for is not sufficient to prove an intent to defraud from the outset. There are several other plausible scenarios for this being the case; examples of which include, but are not limited to:

- the business falling into financial difficulty—this could be due to numerous reasons, including mismanagement of finances or unforeseen personal circumstances.
- disputes between sub-contractors or suppliers.
- poor business practices, such as overbooking projects and not being able to meet contractual agreements.

This is not intended to be an exhaustive list, but to demonstrate that the actions of Mr S can also be contributed to other possible factors. And those factors cannot be ruled out in the

circumstances of this complaint.

Mr W has told our service that he contacted the supplier of the materials he'd paid in advance for, and it confirmed no such order had been placed for materials to his property. I understand this may come across as proof Mr S never intended to deliver on the contractual obligations he'd agreed to, but the above factors I have listed are also plausible possibilities for this not being the case. And again, I am unable with the evidence in front of me able to rule all of these possibilities out.

Mr S did continue to contact Mr W after the relationship had broken down well into February 2025. And Mr S seems to acknowledge from the limited messages I have been provided that he needed to come to an arrangement with Mr W to repay the money, but failed to make good on the reassurances he was providing.

Many of these factors I have touched upon above do cast some doubt over whether Mr S was intent on committing fraud prior to receiving Mr W's payments. I therefore find it a strong possibility that Mr S *may* have legitimate, alternative reasons why he was unable to complete the project and provide a refund.

I do understand Mr W's strength of feeling on this matter. He paid Mr S money in good faith, and with the expectation he would carry out the works he'd agreed to complete. But instead, he left Mr W's property in a poor condition and has caused serious financial and emotional detriment to Mr W and his family. But my role is to assess whether Santander should fairly be held responsible for reimbursing that loss. And as the evidence currently stands, I can't say that Mr S likely intended to defraud Mr W from the outset—although would like to make clear I cannot rule this out. And I can only consider this complaint under the provisions of the CRM Code where I can say it is more likely than not that Mr S has been the victim of fraud, as defined within that Code.

I understand that Trading Standards has opened an investigation into Mr S, and this investigation will be able to go further than our service's legal capabilities, such as interviewing Mr S and following payments to their end source: all of which will go some way to proving Mr S's intent. Should this investigation uncover material new evidence that would support that Mr S set out with the intention to defraud Mr W from the outset, he can present that new evidence to Santander for further consideration."

Both parties were given until 4 February 2026 to provide any further evidence of comment for consideration. And as that time limit has now expired, I'm able to issue my 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.

Santander has provided no comment to the provisional findings I have issued. However, Mr W has disagreed with the assessment made and has provided several arguments for this. I have read these carefully and can summarise them as follows:

- the test being applied for proving fraud is not in line with the CRM Code.
- other parties that have had dealings with Mr S have obtained a refund from their bank.
- past or previous reviews are irrelevant, only the facts of this case should be considered.
- the possible alternative explanations for Mr S not completing the work are speculative and not based on evidence.

- an investigation being carried out by Trading Standards ought to tip the balance in favour of a fraud finding.

I will deal with each of the points Mr W has raised individually.

The correct test that is to be applied in this case

I have already set out in detail in my provisional findings the correct test that is to be applied in this case, so I don't intend to repeat this in detail again. But Mr W has inferred that the test I am applying is too high in terms of the standard set out within the CRM Code.

I acknowledge that intent to a criminal standard—that is beyond reasonable doubt—is not required in cases being considered under the provisions of the CRM Code. But I must find it more likely than not that Mr S set out with an intention to defraud Mr W from the outset. That is still a high bar to meet and would require clear and unambiguous evidence that Mr S never intended to supply the goods or services he had been paid to provide, before that payment was made.

I would also need to be satisfied that other, plausible possibilities can sufficiently be ruled out as an explanation for why the site was abandoned and the work not completed. In short, abandoning a site and not completing work paid for does not, on its own standing, prove an intention to deceive or defraud. Intentions and circumstances can change after the point of payment.

Mr W has referred to the private civil dispute exclusion I have referred to in my decision, pointing out that this only applies to legitimate suppliers where there is an issue with quality, delay or dissatisfaction. But I must point out that he has omitted the section that reads “*paid a legitimate supplier for goods, services, or digital content but has not received them*”. In this case, Mr W has paid for goods and services that he has not received: albeit, a small amount of work and materials were carried out and supplied.

For these reasons, my provisional findings have focused on the legitimacy of Mr S and his business, based on the evidence I have available rather than the non-provision of goods and services.

Other parties receiving reimbursement from their respective banks

Complaints are dealt with by our service on their individual circumstances and merits. I can't comment on the outcome of other complaints brought to our service, or complaints that have been settled by other financial businesses in similar circumstances. I have therefore considered Mr W's complaint and evidence only.

Reviews

Mr W has pointed out that past reviews by customers of Mr W are irrelevant in this case, but I must disagree with that assessment. Mr W has himself submitted a number of reviews he has snipped from online review websites in support of his assertion that Mr W was operating illegitimately. My provisional findings argue to the contrary, that according to reviews Mr W has not provided, Mr S was clearly carrying out similar work to a satisfactory standard, indicating he was operating a legitimate business. I do not think that is an unreasonable counter argument to Mr W's negative reviews.

Alternative explanations provided

I agree with Mr W that the examples provided were speculative, as was intended. This was to demonstrate that an intention to defraud was equally speculative in the circumstances, as my examples could not be proven to a lesser, or greater, extent than that of Mr W's allegation of an intention to deceive.

While I agree—and have said so in my provisional decision—that the possibility of fraud cannot be ruled out in this case, I also cannot rule out the other possible scenarios I have listed.

I would like to reiterate that:

- Mr S appeared to be carrying out work to a satisfactory standard at the time, and before, Mr W's dealings with him.
- Mr S had received Mr W's payments into a business account in the name of the business Mr W knew he was dealing with.
- Mr S was making substantial payments from that account over a considerable period to trading merchants, indicating it was being used for its intended purpose.
- no adverse reporting had been made on that account despite there being a multitude of payments for similar goods/services being paid into the account.

As I have already explained, these are valid evidence points that would reasonably counter Mr W's argument that Mr S was running an illegitimate business.

I realise that much of the evidence Mr W is focusing on is to prove Mr S was a fraudster and set out with the intention to steal his money. But I must remain impartial in such circumstances and cannot ignore the evidence that counters his claim. Nor can I ignore the fact that there are other viable explanations as to why Mr S did not complete the project Mr W had paid him to complete, other than an intention to defraud.

Trading Standards' investigation

Mr W argues that the involvement of Trading Standards ought to be sufficient to prove that this matter goes beyond a simple contractual disagreement. Again, I cannot agree with that assessment.

While there are clearly a number of people that have been dissatisfied with Mr S's services and have made similar allegations against him, it is for Trading Standards to investigate the weight of those allegations and prove Mr S's intent. Trading Standards has legal powers beyond those of this service, such as tracing funds to their exit source, gathering evidence, and interviewing Mr S; all of which will go toward proving his intent. But the existence of an investigation does not, in its own right, show Mr S set out with the intention to defraud. I must also point out that Trading Standards investigates several other offences unrelated to fraud.

Mr W has asked that I speak with a member of Trading Standards about his specific complaint, and I have done so. But understandably, Trading Standards are unable to provide me with any specific information or evidence relating to his complaint, as there is an ongoing investigation. I have therefore not been able to obtain any material new evidence in support of his claims.

I would like to end my findings by pointing out to Mr W again that should any material new evidence come to light in the future that does support his assertion that Mr S set out with the intention to defraud him, he can present that new evidence to Santander for further review against the provisions of the CRM Code. But as the evidence currently stands, I am not intending to depart from the findings set out in my provisional decision.

My final decision

For the reasons I have given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 5 March 2026.

Stephen Westlake
Ombudsman