

The complaint

Mr and Mrs B complain that Santander UK Plc won't reimburse the money they say they lost to a scam.

What happened

Mr and Mrs B engaged a contractor to do some work at their property. They made an initial payment of £2,500 to him for materials, and then paid a further £2,500 for more materials and labour on the day he started working at their property.

Over the next couple of weeks Mr and Mrs B then made a further five payments to the contractor, which they were told were for various different services, materials and labour and, finally, to help the contractor with a broken-down vehicle.

Ultimately though, Mr and Mrs B did not consider that the contractor had completed the work as agreed. They said the quality of work was poor, some jobs had not been completed, and their property was not left in an acceptable state. So, Mr and Mrs B contacted Santander and said they had been scammed by the contractor so should be entitled to a refund of the money they had paid to him.

Santander did not agree, it said this was a civil dispute between Mr and Mrs B and the contractor, and so did not accept any liability for Mr and Mrs B's loss. Mr and Mrs B remained unhappy, they maintained that they were the victims of a scam. So, they referred their complaint to our service.

One of our Investigators looked into what had happened but did not feel the complaint should be upheld, they felt it was fair for Santander to say this was a civil dispute between Mr and Mrs B and the contractor.

Mr and Mrs B do not agree, they maintain the contractor acted fraudulently and say there is evidence to show that the contractor was already in the process of being struck off by Companies' House when they made some of the payments. They say Santander should have noticed this and warned them of the risk it represented.

As no agreement could be reached, this case has been passed to me for review.

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 to have been good industry practice at the time.

And having thought carefully about all that Mr and Mrs B have told us, and the evidence I've seen, I do consider that it is fair for Santander to have declined to refund the disputed

payments on the basis that this is a civil dispute between Mr and Mrs B and their contractor. I'll explain why.

The Contingent Reimbursement Model (the CRM code) states the following regarding civil disputes:

"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;"

Mr and Mrs B argue that the contractor was not a legitimate supplier, but the evidence I've seen does not support that. The contractor attended Mr and Mrs B's property on several occasions, carrying out work that had been agreed, and information from the contractor's bank shows that the payments Mr and Mrs B made to him do appear to have been used for the intended purposes. I can also see that the contractor's account operated as one would expect a legitimate businesses account to operate, and the bank where that account is held has confirmed it had not previously received any other scam claims against this account.

I acknowledge that the contractor was struck off the Companies' House register in July 2023. And I can see that the notice of intention to strike off was published on 24 April 2023, when Mr and Mrs B were still making payments to the contractor, and that the business subsequently went into liquidation. But I don't think this means that they were automatically acting fraudulently, particularly when the other evidence I have seen suggests they were operating as a legitimate business up until the time the business appears to have been wound up.

So given that the contractor does appear to have been running a legitimate business, I think it is fair to consider him a legitimate supplier. And it's clear from what has happened that Mr and Mrs B paid the contractor for services but are ultimately dissatisfied with the services they have been 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 Mr and Mrs B are not entitled to a refund from Santander under the Code.

I appreciate Mr and Mrs B do not agree, but from Santander's point of view this situation doesn't display the hallmarks most typically associated with a scam. This is not to say that there is no issue at all between Mr and Mrs B and the contractor. Clearly there is. But this type of dispute isn't something that the CRM Code covers (or we as an organisation are set up to deal with).

I know this will be a huge disappointment to Mr and Mrs B. I appreciate how they feel about this case, and that the work they paid for was apparently not completed to their satisfaction. And some of the information they have sent us does suggest the contractor wasn't acting professionally, but that does not mean that this was a scam, rather than a case of poor and unprofessional workmanship. I sympathise with the position Mr and Mrs B have found themselves in, and I'm in no way saying that they don't have a legitimate grievance against the contractor. 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 they've lost.

I do note what Mr and Mrs B have said about the conversation they had with Santander regarding one of the disputed payments – they have said that Santander should have realised at this stage that they were at risk of being scammed. But given that I'm satisfied this was not a scam, I don't agree that there was anything further Santander could have been expected to do to intervene as there was nothing to indicate to it that Mr and Mrs B were at risk of fraud.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 16 May 2024.

Sophie Mitchell
Ombudsman