

The complaint

Mr H and Miss S complain that Santander UK Plc (“Santander”) won’t refund over £14,000 they say they lost to a scam.

What happened

The details of this complaint are well known to both parties, so I won’t repeat everything again here. In brief summary, Mr H and Miss S purchased products from a glazing company (“M”) in October 2021 as they were carrying out home renovations.

Mr H and Miss S made three payments to M totalling £14,638.68 for glazing products and installation:

Date	Amount	Payment type
25 October 2021	£4,879.56	Faster Payment
25 November 2021	£4,879.56	Faster Payment
30 March 2022	£4,879.56	Faster Payment

Mr H and Miss S said that M missed multiple installation appointments that had been booked and provided them with inadequate or faulty products. They later said it became clear that the director of M had taken money from other customers as well and had either delivered poor-quality products or no windows at all, so they considered they’d fallen victim to a scam.

Mr H and Miss S reported the scam to Santander and asked it to consider refunding the money under the Contingent Reimbursement Model (CRM Code). However, Santander declined to refund the money they’d paid as it considered the matter to be a civil dispute between buyer and seller rather than a scam. Unhappy with this, Mr H and Miss S referred their complaint to this service.

Our investigator didn’t uphold the complaint. She didn’t think there was enough evidence to conclude that Mr H and Miss S had fallen victim to a scam, so Santander wouldn’t be required to reimburse the payments under the CRM Code. Mr H and Miss S disagreed, so the matter has been escalated to me to determine.

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, I agree with the conclusions reached by the investigator and have decided not to uphold it for the reasons set out below:

- The CRM Code requires firms to reimburse a customer who has been the victim of an

APP scam in all but a limited number of circumstances. However, part DS2(2) of the Code sets out that it 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”*. In other words, there is no requirement on a firm to reimburse the payments under the Code if there’s no enough evidence to suggest the money has been lost to a scam.

- I appreciate that Mr H and Miss S feel strongly that they’ve been scammed by M, and I understand there is an ongoing police investigation. But as the Code specifically sets out, it does not cover situations where someone has paid a supplier for goods or services that they either haven’t received, or are dissatisfied with the quality of what they have received, which is the very scenario Mr H and Miss S have described with M.
- In order to be satisfied Mr H and Miss S have fallen victim to a scam, I would need to see convincing evidence that M set out to dishonestly deceive them about the purpose for which the payments were procured. Our service has seen statements from M’s account that supports, at the time the payments were made, that it was generally using the money it had been paid for legitimate business spend, in line with what would be expected from a company of its nature. The statements do not support that Mr H and Miss S’s funds were used for fraudulent purposes, so it cannot be said that they were deceived as to the purpose of the payments they made to M.
- I’m therefore not persuaded there’s enough evidence to support that Mr H and Miss S have fallen victim to a scam here, so the CRM Code does not apply, and Santander are under no obligation to refund the money that was paid to M. I appreciate that Mr H and Miss S may know other customers of M who have had their money refunded by their banks. But our service considers each case on its own individual merits. We do not operate a strict system of precedent like the courts (though we do of course strive for consistency). And while I appreciate this may come as a disappointment to Mr H and Miss S, after considering the individual merits of their case, I’m not persuaded Santander has done anything wrong or would need to take any further action.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr H and Miss S to accept or reject my decision before 2 May 2024.

Jack Ferris
Ombudsman