

The complaint

Mr A complains that Nationwide Building Society won't refund money he paid to a third party to carry out building works.

What happened

On 19 July 2023 I issued my provisional decision on this complaint. I wanted to give both sides a chance to provide any further evidence or arguments before I issued my final decision. That provisional decision forms part of this final decision and is copied below.

What happened

Mr A posted an advert on a genuine website for connecting tradespeople with jobs.

The third party, whom I'll call C, came to his premises and provided a quote. In late August 2020, Mr A paid C £2,750. C visited his premises again and carried out a limited amount of work. C claimed that he'd need £3,000 upfront in order to fix a window. In mid-September 2020 Mr A reluctantly paid C a further £2,000 (the original agreement was that payment would be made on completion of the work).

Mr A says he never saw C again and that C repeatedly gave excuses as to why he couldn't carry out more work. Mr A eventually employed someone else to carry out the work.

Mr A reported the matter to Nationwide the following year. It said that it couldn't provide a refund to him as the matter was a civil dispute. It advised him to contact Trading Standards.

Mr A referred the matter to our service. One of our Investigators thought that Mr A had been defrauded by C. That meant the Lending Standards Board Contingent Reimbursement Model CRM Code ("CRM Code"), which requires its signatories (like Nationwide) to reimburse victims of APP scams (but not civil disputes) in all but a limited number of circumstances, was relevant. The Investigator also thought that Mr A should be refunded under the provisions of the CRM Code.

Nationwide disagreed. It pointed to the fact that Mr A had found C on a reputable website, C had attended his property and carried out some work, the bank which operated C's account considered the matter to be a civil dispute and Mr A hadn't reported the matter to Trading Standards, as advised.

As no agreement could be reached, the case was passed to me for a final decision.

What I've provisionally 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 law, Mr A is responsible for payments he's authorised himself. Faster payments, like the two disputed, don't attract any of the same consumer protections as payments made by plastic card. And, Nationwide has no obligation to protect Mr A from a bad bargain or a potential civil dispute.

I can only hold Nationwide responsible for Mr A's loss if the provisions of the CRM Code are relevant. For that to be the case, Mr A would have to have been the victim of a scam, which is defined in the CRM Code as:

...a transfer of funds executed across Faster Payments ... 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.*

Clearly the first provision is not relevant here. But I've considered whether the second might be. In this case, I'd need to decide whether Chad had no intention of completing the work when he took Mr A's money. I'd need to be satisfied that C was intent on defrauding Mr A. That's an accusation of criminal wrongdoing and not one that I take lightly.

I've reviewed information provided by the bank which operated C's account. The activity on the account seems broadly consistent with that of a tradesperson. That bank doesn't appear to have had any concerns about the account and hasn't received any other reports of fraud.

In addition, the website that Mr A posted his request for work on appears to carry out some vetting of its members. It claims to reject around a third of applicants and there appears to be costs associated with membership and responding to adverts.

Overall, other than Mr A's account of events, the evidence available isn't consistent with the finding that C was operating fraudulently. And while I can see why Mr A believes that taking the second payment only to not return to complete the work amounts to fraud, there's any number of reasons why C might not have been able to carry out the work. Unfortunately, businesses can fail or be mismanaged such that contracts are breached and agreed services aren't provided. But that doesn't necessarily amount to evidence of an intent to defraud.

I can't see that Mr A has reported this matter to Trading Standards, the police haven't taken any action and it doesn't appear that Mr A has attempted to pursue this matter through the civil courts either. It is for Mr A to demonstrate that he was the victim of fraud, but the evidence doesn't support that finding. So, while I know it will be disappointing for Mr A, I don't find that the CRM Code is relevant and therefore Nationwide aren't responsible for refunding Mr A's loss.

My provisional decision

For the reasons I've explained, I do not intend to uphold this complaint.

Nationwide didn't respond to my provisional decision. Mr A only added that he was disappointed with the provisional decision and that he hadn't received what he'd paid for.

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.

I recognise that Mr A is disappointed with the outcome but as neither side has made any substantive new submissions, my final decision is the same as my provisional decision – I do not uphold the complaint.

My final decision

For the reasons I've explained, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 18 September 2023.

Rich Drury
Ombudsman