

The complaint

A limited company, P, complains that Santander UK Plc didn't do enough to prevent the loss it suffered when it sent money to a Santander account. P says the payments were made as a result of a scam.

Mr D is a director of P and he brings the complaint on its behalf. He has also used a representative when doing so. But for ease of reading, I'll mostly just refer to Mr D when I mean his company P or the representative.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. Mr D says that in 2019 he was the victim of a scam. He made two payments, each of £50,000, from P's account with its own bank 'N' to an account held with Santander in the name of a business 'K'.

Mr D has provided a loan agreement between P and K. In summary P agreed to lend K £100,000 and was due to receive that sum in return over the initial 12 months followed by a similar amount in the following 24 months. The payments Mr D made were presumably the transfer of the loan funds. Mr D says he only received one payment of around £8,300 from K and nothing further.

K later went into administration and there has been media reporting that it was a Ponzi scheme. In 2023 Mr D complained to Santander. He alleged that they'd failed by allowing a scammer to open an account which then wasn't appropriately monitored.

Santander said they didn't think they'd done anything wrong, and the matter was referred to our service. One of our Investigators explained she couldn't consider Mr D's complaint about the opening of the account, as that was outside our service's jurisdiction. And for what she could consider, she didn't recommend that the complaint should be upheld. Mr D disagreed and has asked for an Ombudsman to review his complaint.

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 our Investigator and for largely the same reasons. I know this will be disappointing for Mr D, so I'll explain why.

I've considered the operation of the account prior to the arrival of P's funds, and I can't say that there was anything so unusual, suspicious or indicative of potential fraud such that I think Santander should have done more. I've also considered the placing of P's funds onto the account and the way in which the funds were then spent. And as it wasn't unusual for similar amounts to be received and then spent from this account, with it being a continuation

of the established pattern of use, it's not something I think Santander could reasonably have been expected to have intervened in. Santander have also confirmed that they received no other reports in relation to this account prior to Mr D's money being spent.

Had Santander intervened at any point to carry out additional due diligence checks or asked its accountholder for evidence of source of funds, on balance, its accountholder would've been able to provide this. It's most likely that the information they would've shared with Santander is what they shared with their investors, and that which Mr D has shared with our service, which all appears plausible and legitimate. I'm also not aware of, nor have I seen evidence of any adverse information about K (who'd been incorporated and trading since 2015) prior to Mr D's funds being spent. With all that in mind, I can't see a basis upon which Santander could've refused its accountholder access to the funds in their account. I appreciate Mr D may wish to argue at this point Santander should've done more, but it isn't a bank's role to forensically investigate, regulate or audit a limited company to whom it provides a banking service. It is to have measures and checks in place to monitor the account for potential misappropriation of funds.

I'm sorry to hear Mr D has suffered a loss. But as (within the context of my jurisdiction) I don't think this is something Santander can fairly and reasonably be said to be responsible for, there isn't a reasonable basis upon which I can require them to do more to resolve this complaint.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 25 March 2024.

Richard Annandale
Ombudsman