

The complaint

Mr P has complained Santander UK plc won't refund him for a transaction he didn't make.

What happened

In 2023 Mr P took out a monthly subscription for computer software to help him buy goods from retail websites. He paid £40 a month for this in May and June from a company (who I'll call K). He'd also paid a one-off fee in April to another company related to this licence. This payment was processed in the name of a second company, W.

In June 2023 Mr P found his account was debited £215.24 along with foreign exchange processing fees. He'd not authorised this transaction and complained to Santander. Santander were able to confirm this payment was processed in W's name, using the same terminal ID as the regular payments Mr P had made to K. They believed he'd authorised this further transaction.

Mr P brought his complaint to the ombudsman service.

Our investigator reviewed Santander's evidence and felt overall Mr P must have authorised this transaction.

Still unhappy Mr P asked an ombudsman to consider 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've come to a different conclusion. I've already shared my thoughts with Santander about why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, 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 relevant time.

The regulations which are relevant to Mr P's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks and financial institutions to refund customers if they didn't make or authorise payments themselves.

To help me come to a decision, I've reviewed the evidence Santander provided as well as what Mr P has told us. Mr P has been represented by his father throughout this complaint but for ease, I'll continue to refer to Mr P alone.

I believe these transactions were carried out without Mr P's authorisation. I say this because:

- The evidence Mr P provided included correspondence from W. This confirms K processed additional unauthorised payments from customers, including others that Mr P knows. This evidence had been provided to Santander when Mr P first told them what had happened.
- Mr P has explained he'd got a notification from Apple Pay notifying him of the disputed transaction. He correctly states that setting up a regular payment on Apple Pay using card details (or direct debit) didn't provide authority to K to take payments whenever they wished.
- I appreciate Santander's point that they have limited ability to investigate merchant fraud (which is what this appears to be) and this is particularly so when these are non-UK transactions, like this one.

I confirmed to Santander that I believed Mr P's testimony – and the paper trail evidence he'd supplied – that he'd not authorised this transaction. They accepted this and agreed to refund Mr P in full if he accepted this as the fair outcome.

Mr P confirmed he was looking for additional compensation because of the impact of what had happened on him. He felt it was particularly harsh of Santander to doubt his evidence and continue to believe he'd authorised this transaction. I shared Mr P's eloquent thoughts on this aspect of his complaint with Santander to see whether they would consider making a further offer of compensation. I received nothing further.

I appreciate some of what Santander has said – they are limited in their ability to investigate disputed transactions that originate overseas but I've seen nothing here that Santander carried out any checks at all. Mr P provided them with the same evidence I've considered, but this was ignored. It is, of course, possible to falsify email evidence but I wonder why that would be Santander's first conclusion when looking at what Mr P had shared with them,

Putting things right

Firstly I believe the evidence shows Mr P was a victim of fraud and didn't authorise the disputed transaction. Santander will need to refund £215.24 along with £6.35 of charges for foreign currency conversion. They'll need to add 8% simple interest to this amount from the date the original transaction debited Mr P's account until the date of settlement.

I do believe there's been an impact on Mr P not just of the initial fraud – which is obviously not Santander's responsibility – but of the investigation that followed and placed suspicion on him. I am going to ask Santander to pay a further £100 to Mr P in compensation for the added anxiety this has caused him.

My final decision

For the reasons given, my final decision is to instruct Santander UK plc to:

- Refund £215.24 to Mr P along with £6.35 charges;
- Add 8% simple interest to those amounts from 22 June 2023 to the date of settlement; and
- Pay Mr P £100 for the trouble caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 22 April 2024.

Sandra Quinn
Ombudsman