

The complaint

Mrs G is unhappy that Santander UK Plc will not refund the money she lost to a flight booking scam.

What happened

In May 2023 Mrs G bought a flight online, using her debit card, from company W for £569.97. When she did not receive her ticket she realised she had been scammed and contacted Santander. It temporarily credited her account for this amount whilst it raised a chargeback. When the chargeback was unsuccessful it reversed the credit. Mrs G says this caused her a lot of stress and she asks for a refund in full and compensation for the distress Santander has caused her.

Santander says it has made no error. The merchant (company W) defended the chargeback as it had provided the service it sold.

Our investigator did not uphold Mrs G's complaint. She said there was no reason for the payment to trigger an intervention from Santander. And it was entitled to reverse the temporary credit to Mrs G's account as the chargeback claim was not successful.

She said that this was because company W was able to evidence that the flight ticket booked was used, and therefore it had provided the service that was paid for. This was what was required of it. She explained it's not about whether the service has been provided to the person that paid, it's whether the service that has been paid for has been provided and in this case it had been, albeit to someone else as the ticket was booked by the scammer. So she did not conclude Santander needed to take any action.

Unhappy with this assessment Mrs G asked for an ombudsman's 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.

Having done so I am not upholding Mrs G's complaint. I anticipate that this will be very disappointing for Mrs G, and I can understand that the whole episode has been deeply distressing, further compounded by the sad circumstances surrounding her need for the flight.

It isn't in dispute that Mrs G has been the victim of a scam and lost money as a result – but I need to decide if the loss she suffered could have been prevented by Santander. I'm afraid though that I don't think that Santander could have prevented what happened here. I'll explain why.

In line with the Payment Services Regulations 2017, Mrs G isn't liable for payments she didn't authorise unless she failed, with gross negligence or intent, to comply with the terms of the account or to keep her personalised security details safe. But I am satisfied that Mrs G

did authorise the payment and she is not disputing this. Whilst I understand that Mrs G didn't intend for the payments to be used as part of a flight scam and was tricked by the scammer, this doesn't change the fact that she authorised the payment in the first instance, and banks are generally expected to act on their customers' instructions.

That said, there are some circumstances where a bank should have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks have obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction.

Taking into account the law, regulatory rules and guidance, relevant codes of practice and what I consider having been good industry practice at the time, I consider Santander should fairly and reasonably:

- Been monitoring accounts – including payments made and received – to counter various risks including anti-money laundering, countering the financing of terrorism and preventing fraud and scams;
- Have had systems in place to look out for unusual transactions or other signs that might indicate its customers were at risk of fraud (amongst other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer; and
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

Santander didn't contact Mrs G when she made this payment, but I don't think that it needed to. The payment was made to a legitimate company and the amount that was paid was not unusual for the type of transaction that was being made, or of such high value overall. So, I don't think Santander needed to have intervened and contacted Mrs G before processing the payment.

When Mrs G reported the scam to Santander I can see it raised a chargeback claim and Issued a provisional credit to Mrs G's account in the interim. When the claim failed it reversed the credit. The reason the claim failed has been explained in more detail by our investigator and is summarised in the 'What happened' section above. I have seen no evidence that the failure of the claim was for anything other than the valid reason that company W had provided the service it sold – albeit to the scammer.

I can see why this feels unfair to Mrs G as she paid for a service that she did not receive, rather someone else did. But the rules of the chargeback scheme are set by the payment networks, Mastercard in this case, and the card issuers – so Santander in this case – have to follow them. So when the claim did not meet the scheme's criteria for a successful chargeback Santander was entitled to reverse the provisional credit.

Mrs G says Santander caused her more stress when it reversed the credit as this took her into her overdraft. But I can see it wrote to Mrs G giving her 14 days' notice before doing this. And it had warned her in writing when raising her claim that the credit might be taken back. So I cannot agree Santander did anything wrong in this regard. It follows I am not instructing it to pay any compensation to Mrs G.

In conclusion, there are no grounds for me to instruct Santander to refund Mrs G's loss.

All of that said, I am very sorry for the situation Mrs G finds herself in. She has been the victim of a cruel scam and has lost money as a result. But this loss was caused by the scammer – and not Santander. And as I have not found that it acted in error when processing the payment or when raising the chargeback I cannot fairly hold it liable for Mrs G's loss.

My final decision

I am not upholding Mrs G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 17 April 2024.

Rebecca Connelley
Ombudsman