

The complaint

Mrs K is unhappy with the amount of time it took Santander UK Plc to refund her after she fell victim to a scam and lost money by way of a credit card payment.

What happened

The background to this complaint is well-known to both parties, and so the below represents a summary of key events.

Mrs K wanted to book some flights and found a travel agent online. She reached out to them and a representative got in touch to discuss options. Mrs K didn't immediately realise, but she was communicating with a scammer.

Flight options were discussed, with an itinerary and price being agreed. Mrs K agreed to pay a deposit of £503.94. She authorised this payment to be made using her credit card details.

Mrs K realised something wasn't right quite quickly. The scammer kept pressing her for money, which made her concerned. She contacted the airline involved and it confirmed there was no booking in her name. The airline agreed to suspend the booking and hold her funds.

Mrs K reported what had happened to Santander. It confirmed it couldn't stop the payment from being made but said it would help to get the money back. It wrote to her three days later requesting some information about the transaction. Mrs K replied to Santander within two weeks.

But it seems Santander didn't receive all it had asked for, and some of the information provided was unreadable. So it wrote to Mrs K again eight days later. It followed this up after another letter a couple of weeks later as it hadn't received a response. Mrs K had been on holiday at the time.

During this time Santander had said it wouldn't be able to help further, or progress a chargeback claim, until the evidence and information was provided. It confirmed this position again when, in responding to Mrs K's complaint, it issued its final response. That final response included an upload link so that Mrs K could provide the requested information electronically.

Mrs K raised a complaint with our service shortly after the final response was issued. Once the complaint was raised, she also contacted the airline to obtain a written confirmation that she was due a refund. This was given to her, and she sent it on to us and Santander. She then received a refund after a few weeks.

Mrs K's complaint is that it took Santander too long to sort out her refund and made her jump through too many hoops. She'd been able to stop and report the scam very early on, and so was frustrated with the time and energy spent in securing the refund.

One of our investigators considered what had happened and recommended the complaint should be upheld. He acknowledged that Mrs K had received the refund and so there was no outstanding loss.

But he felt Santander could have been more proactive in gathering information, by using the chargeback process to request evidence from the merchant. And so he said Santander ought to pay £50 for the unnecessary distress and inconvenience caused by having the issue dragged out for longer than it needed to be.

Santander accepted this outcome, but Mrs K didn't. She said the amount was too small to properly reflect the distress and inconvenience suffered.

Our investigator confirmed the outcome in writing and encouraged Mrs K to read it. He said that she should let him know what she disagreed with and why she felt more compensation was due. But he received no further response.

As Mrs K had already expressed dissatisfaction with the outcome the case has been passed to me for a final decision.

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'm upholding Mrs K's complaint. But I'm not making a greater award for compensation than that recommended by our investigator. I'll explain why.

The payment made toward the scam was properly authorised by Mrs K. And there's no dispute that is the case. And so, as per the Payment Service Regulations (2017) she's generally considered responsible for that payment. That remains the case even where the payment was made as part of a scam.

It is true that once the payment instruction was given there was nothing Santander could do to stop or automatically reverse the payment. It had to debit Mrs K's account with recovery then being sought.

The form of recovery looked to by Santander was a chargeback, as is common in circumstances like this. A chargeback isn't an automatic right for a customer; it isn't guaranteed in law. It is instead operated by the relevant card scheme and a firm like Santander must follow the relevant scheme rules.

I can see that Santander did start the dispute process once the scam was reported. But it wanted more information from Mrs K before proceeding. I don't find that to have been an unreasonable request. Unfortunately, it seems to be one that couldn't be fulfilled quickly.

Whilst Mrs K did respond early on, Santander didn't have all it had asked for. It then sent further requests for the required evidence. But the key piece, the confirmation from the airline of the refund being due, wasn't supplied for a long time. Once it was, the refund was forthcoming quite quickly.

Santander should only submit chargeback claims that carry a reasonable prospect of success. In order to make sure they have the best chance of succeeding they should be submitted with a strong body of evidence. It's often a requirement that the customer can demonstrate – with supporting evidence – that they have attempted to settle the matter with the merchant directly. And that is what, in my view, Santander was trying to achieve.

I appreciate the airline told Mrs K it was ready to refund her pending contact from the bank much earlier on. But it is Santander that had to submit the chargeback and follow the scheme rules, not the airline. And so the airline's comments about being ready to refund, without that being confirmed in writing (as requested by Santander early on) carry little weight.

Santander confirmed it was still willing to help each step of the way, including when it issued the final response. I appreciate the need to gather this information and evidence would have been frustrating for Mrs K, especially as she'd identified the scam so early on, and there was no real disagreement she'd been a victim and lost money.

I also agree with what our investigator has said in that Santander might have been more proactive in its evidence gathering. There was a part of the chargeback process that might have been used to gather important details from the merchant. But I can also understand

why it wanted as much detail and evidence from Mrs K direct. And it isn't unfair or unreasonable for Santander to have made such a request. I'm also mindful that any request from Santander may not have been fulfilled; there was no guarantee it would have been. If that had been the case it would then still have been necessary to ask Mrs K for the evidence.

With all that in mind, I'm satisfied the £50 recommended by our investigator, and accepted by Santander, represents fair and reasonable compensation.

Putting things right

On Mrs K's acceptance of this final decision, Santander should pay her £50 for the distress and inconvenience caused.

My final decision

I uphold this complaint against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 7 June 2024.

Ben Murray
Ombudsman