

The complaint

Miss F complains that Santander UK Plc did not take appropriate steps to recover funds she lost to a scam.

What happened

In October 2021 Miss F received a call that she believed to be from a well-known mobile phone retailer. She says they had details of her phone contract and her address and, after she agreed to purchase a phone and set up a new contract. Miss F made two payments, £42.56 from her Santander current account, and £477.48 using her Santander credit card.

When she did not receive the phone within a few days Miss F called the company her phone contract was with, and realised she had been scammed. Miss F let Santander know what had happened, but it declined to refund her and said it was not able to recover the funds for her. Miss F was unhappy with this response and referred her complaint to our service.

One of our Investigators looked into what had happened. They felt Santander could have done more to recover Miss F's funds via the chargeback scheme. So, they recommended that Santander refund the disputed payments, plus 8% interest, and pay Miss F £50 for any distress and inconvenience caused. Santander accepted the Investigators findings, but Miss F did not. She considered that Santander should pay a higher amount of compensation, given the impact that what has happened had on her.

As no agreement could be reached this case has now been passed to me for 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.

It's not disputed that Miss F authorised the payments that are the subject of this complaint. So as per the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Miss F is responsible for them. That remains the case even though she was the unfortunate victim of a scam.

However, there are circumstances where Santander may be able to take steps to recover funds lost to a scam such as this. Chargeback is the way in which payment disputes are resolved between card issuers and merchants. They are dealt with under the relevant card scheme rules. In certain circumstances the process provides a way for Santander to ask for a payment Miss F made to be refunded. There is no obligation on a card issuer to raise a chargeback, nor does the raising of one guarantee a refund for the card issuer's customer. But I would consider it good practice for a chargeback to be attempted where the right exists and there is a reasonable prospect of success.

In this case, Santander has agreed that it missed an opportunity to raise chargebacks for the payments in dispute here, given the available evidence. And, as recommended by our investigator, Santander has now refunded the disputed payments to Miss F, plus 8% interest

from the date of payment to the date of settlement, with an additional £50 compensation for any distress caused.

I appreciate that Miss F feels a higher compensation award would be appropriate here, but I don't agree. Miss F as referred to the long-term fear of buying a phone that resulted from what happened here, but I don't think I can place the blame for that on Santander. I think I must bear in mind that much of the distress caused to Miss F is down to the fact that she was the victim of a scam, so the responsibility for that should be placed with the scammers. So, with this in mind, I'm satisfied that the compensation paid by Santander is reasonable in the circumstances of this case as I consider that it recognises the impact of Santander's actions on Miss F.

In summary, I am satisfied that Santander has now put Miss F back in the position she would have been in had it taken appropriate steps to pursue her claim at the time. It follows that I won't be asking it to do anything more.

My final decision

I uphold this complaint in part, but I am satisfied that Santander Bank Plc has now taken appropriate steps to put things right for Miss F so I don't require it to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 23 May 2024.

Sophie Mitchell
Ombudsman