

The complaint

Mr and Mrs S complaint that Santander UK Plc did not full reimburse the funds they lost to a scam.

What happened

Mrs S received a telephone call claiming to be from Santander's fraud department who said her account had been targeted by fraudsters. They told her to forward funds from her joint account with Mr S into the name of a bank manager at Santander. Mrs S sent the following from the joint account with Mr S:

- £3,974.80
- £3,426.55

Following this, Mr S returned home, and the caller heard him in the background. They asked where he banked and when he confirmed it was also Santander, they also instructed him to move funds to a different payee. He made the following transfers from his sole account:

- £2,778.04
- £600.00
- £2,491.74

Mr S began to have concerns about the caller so while Mrs S was still on the phone to them, he telephoned Santander directly, who confirmed he and Mrs S were being scammed. They hung up on the caller immediately and were transferred to the fraud department to raise a scam claim.

Following the scam investigation, Santander confirmed there were no funds remaining in the beneficiary accounts to recover. They assessed the transactions under the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code and found they did not meet their obligations under the code, as they did not provide an effective warning to Mr and Mrs S before the payments were processed. But they also thought Mr and Mrs S did not have a reasonable basis to believe the caller was genuine, so they agreed to refund 50% of the transactions. This totalled £2,948.89 to the joint account and £3,700.68 to Mr S's sole account.

Mr and Mrs S referred the complaint to our service and requested a full reimbursement under the code. Our Investigator looked into it and felt Santander had acted reasonable when it relied on the exception to full reimbursement under the code. This was because there were a number of red flags Mr and Mrs S could have spotted; that the call came from a private number, the accounts they were making payments to were not connected to Santander and they were told to mislead Santander. And the Investigator noted Mr S did have concerns as he telephoned Santander directly to query if they had really contacted Mrs S, so the Investigator felt they could have raised this concern and revealed the scam sooner.

Mr and Mrs S's representatives disagreed with the outcome. They felt Santander should have intervened and if they had done so, the scam could have been prevented.

As an informal agreement could not be reached, the complaint 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.

The starting point in law is that Mr and Mrs S are responsible for any payments they authorised themselves. However, the CRM Code requires a firm to reimburse victims of authorised push payment ("APP") scams that fall under its provisions, unless a firm can demonstrate that one of the exceptions to reimbursement apply. In this case, Santander says that Mr and Mrs S lacked a reasonable basis for believing that they were dealing with the Santander fraud department.

I've thought about this carefully and reviewed all of the evidence available to me to come to an outcome I feel is fair. Having done so, I think Santander acted reasonably when it relied on the exception to full reimbursement. I'll explain why in more detail.

Mrs S has said she was telephoned on a private number by the scammer, so it was not possible for her to check who was calling her. It is not usual for a bank to call on a withheld number, though I appreciate Mrs S may not have been aware of this. I still think she should have been wary to check the person who was calling her was genuine. It does not appear that they had any personal details about Mr and Mrs S

Mr and Mrs S's representative has said the caller knew Mrs S had two accounts with the bank, including Mr B's account. However, Mr S told Santander when raising the scam claim that the caller heard Mr S in the background and asked who he banked with, and he said Santander. While I appreciate memories can fade over time, as there is some discrepancy in Mr and Mrs B's version of events, I am unable to place much weight on their testimony.

I can see Mr and Mrs S were instructed to send funds to two separate payees, and they appear to have been told these were bank managers in Santander. It's unclear what reasoning they were given for sending the funds to accounts that were not in their name, and I think they could reasonably have found it suspicious that they needed to do so, especially to two separate accounts. I also think they could have questioned why the beneficiary banks were not with Santander and instead were with a completely separate banking group.

Most importantly, I can see Mr S did have serious concerns that the individual calling was suspicious and not who they said they were, as after making two payments from his sole account, he telephoned Santander directly to query if they had really contacted Mrs S. I think Mr S recognised they did not have a reasonable basis to believe the individual was actually calling from Santander, due to the issues listed above. And I therefore think this could have been picked up on prior to the payments being made. As a result, I think it was reasonable for Santander to rely on this exception to full reimbursement and reduce the amount of redress by 50%.

I've thought about any other regulatory requirements Santander was under to protect their customers from fraud and financial harm. They are required to monitor accounts to look out for activity that might suggest a customer was at risk of financial harm and intervene in unusual or out of character transactions.

Mr and Mrs S's representatives have said the payments were unusual and Santander should reasonably have intervened prior to processing them, and this would have uncovered the scam at the time. I think it can be argued that the final payment of £2,491.74 transferred

from the joint account was unusual, as it was the third payment to a new payee within one hour, and it had taken the account further into its overdraft which was unusual activity for the account.

If I were to agree that Santander should have intervened at this point, and that this would have uncovered the scam, I would have to go on to consider if Mr and Mrs S should reasonably bear some responsibility for the losses as a result of any negligence in their actions. As I have explained above, I do think Mr and Mrs S could and should have taken further steps to protect themselves against this financial harm, as they eventually did when Mr S telephoned Santander directly as he had concerns. Because of this, it would be reasonable for me to make a reduction in the award based on this, and this would also be a 50% reduction in the redress. This is therefore the same level of redress that Santander has already paid to Mr and Mrs S.

I want to acknowledge that Mr and Mrs S have been victims of a cruel and manipulative scam and I'm sorry they've gone through this experience. In this case I can only consider Santander's actions and how they have dealt with the complaint. And having done so, I think that what they have already done to remedy this complaint is in line with what I would have recommended in the circumstances. Because of this, I do not direct Santander to pay any further redress to Mr and Mrs S.

My final decision

I do not uphold Mr and Mrs S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 4 February 2025.

Rebecca Norris
Ombudsman