

The complaint

Mr A is unhappy that Santander UK Plc didn't reimburse him money he lost after being a victim of fraud.

What happened

As the circumstances of this complaint are well-known to both parties, I've summarised them briefly below.

Mr A discovered an advertisement on a well-known social media platform for headphones he was looking to purchase. Mr A has told our service that he'd satisfied himself that the seller was genuine through positive reviews he'd seen posted about the seller. He also says he went to visit the seller in person to inspect the headphones and ensure they were genuine.

Mr A has told our service that when he went to view the headphones, the seller claimed they had already sold the stock they had in their possession. They reassured Mr A that they would order more stock and send that onto him by post. As Mr A believed the seller to be genuine, he agreed to purchase a second pair of headphones from the seller as a gift to his partner.

On 30 January 2024, Mr A made two payments from his Santander account. One for £200—to cover the cost of the two sets of headphones—and another for £150, to cover the cost of postage and packaging.

Mr A was provided with a tracking number for the delivery of his headphones, but when he checked this, it showed a blockage in the delivery process. And when he attempted to contact the seller to query this, he saw that he'd been blocked, and prior messages deleted. It was at this stage Mr A realised he'd been the victim of a fraud, and so he reported the matter to Santander.

Santander assessed Mr A's claim against the Contingent Reimbursement Model Code (the CRM Code). It concluded that it wasn't liable to reimburse Mr A because he ought to have done more to protect himself from the fraud. It also found that it'd provided an effective warning at the point Mr A set up the new payee, and he failed to heed these warnings before proceeding with the payment.

Mr A remained unhappy with the outcome of his claim, so he referred it to our service for an independent review. An Investigator considered the evidence and testimony provided by both parties but didn't recommend the complaint be upheld. In summary, they found Santander had demonstrated it'd fairly applied the exceptions to reimbursement under the CRM Code.

Mr A didn't agree with the Investigator's assessment, so the matter has now been passed to me for a final decision to be made.

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 position in law is that Mr A is responsible for transactions he's carried out. And there is no dispute here that Mr A authorised the transactions subject to this complaint. But Santander is a voluntary signatory of the CRM Code and so I must consider if Mr A should be reimbursed under its provisions.

The CRM Code allows Santander to decline reimbursement if it can demonstrate that one of the exceptions under the Code applies. In this instance, it seeks to rely on the exceptions that apply where a customer made a payment:

- Without a reasonable basis for believing that the person or business with whom they transacted with was legitimate.
- And ignored effective warnings when setting up a new payee.

Having considered the evidence and testimony provided by both parties, I agree that Santander can rely upon these exceptions in this case.

Mr A has told our service that due to him being blocked by the seller on the original platform where he saw the items for sale, he no longer has access to the chats between him and the person who defrauded him. I've therefore had to rely upon the testimony he gave to Santander when reporting the fraud, and what he told our service when referring his complaint. These accounts have differed.

When Mr A first reported the matter to Santander, he told it that he'd found the items for sale on a social media platform. I've listened to the call carefully and the representative of Santander asked Mr A a series of questions that allowed him to fully explain the circumstances that led to his loss. During this call, Mr A failed to disclose information he later told Santander and our service; that he met with the purported seller in person to view the goods he was buying. Mr A wasn't rushed through this call, and so I see no reason why he omitted such pertinent information at the point of reporting.

Mr A has also disclosed to our service that he was charged £150 for the postage and packaging of the items he purchased. This is a significant sum to pay for relatively small items, and only £50 less than the sum he'd paid for them. I find it unlikely that Mr A would have been able to meet the seller to view the items, but would have paid such a significant sum for their delivery rather than collecting the items himself.

Due to the above, I think it's more likely than not that Mr A didn't meet the seller before purchasing the items.

Taking this into account, I have considered all other circumstances surrounding the purchase of the items and thought about whether Mr A did hold a reasonable basis for believing the seller and items were legitimate.

Mr A found the items online via a social media platform. Mr A said he relied upon the fact that there were no negative reviews on this platform that would indicate the seller wasn't legitimate. He didn't however carry out any independent research on the business that was purportedly listed on the social media account.

Mr A has also acknowledged that the items for sale were being sold for a price that was well below the market value for such products. Mr A was receiving two sets of headphones for

the price less than one set would roughly be sold for on the open market. Mr A should have been concerned by this as there is no reasonable explanation as to how someone would be able to provide such a heavy discount on the products being sold.

Mr A was also instructed by the fraudster to transfer funds to an account in an individual's name. Yet he was communicating with a business via the social media account where he found the products for sale. He was also told by the fraudster to select 'paying friends' when asked for the payment purpose by his bank. This isn't something a legitimate business would reasonably instruct a customer to do. These factors ought to have acted as a red flag to Mr A, along with the factors I've already pointed out above.

Overall, I'm satisfied Mr A didn't do enough to protect himself from the fraud and ensure he was dealing with a legitimate seller. I therefore find it reasonable that Santander has relied on this exception to reimbursement under the provisions of the Code.

Could Santander have done more to protect Mr A?

Santander is also required by the Code to provide an effective warning when it identifies a risk in payments such as the one Mr A carried out.

Here, Mr A made two payments of relatively low value. I don't say this to diminish the loss Mr A has suffered, as I know this is significant. But I must acknowledge the difficult balance Santander must strike in processing the millions of payments it does on a daily basis against its ability to identify and intervene in payments where it spots a heightened fraud risk.

The payments subject to this complaint weren't of such a high value that this risk would have been obvious. The only heightened risk associated with these payments were that they were being made to a new payee. And I don't think that warranted an effective intervention and warning. It therefore follows that a warning wouldn't have been required under the Code.

Did Santander do all it ought to have done once the fraud had been reported?

Santander's records indicate it reported the fraud to the beneficiary bank on the same day Mr A reported the matter to it. Unfortunately, the beneficiary bank confirmed six days later than no funds remained in the account. Therefore, Santander did do all I'd expect to have done in attempting to recover the funds lost.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 14 January 2025.

Stephen Westlake
Ombudsman