

The complaint

Miss P held/holds a credit card account with Santander UK Plc (“Santander”).

Miss P’s complaint is about Santander’s refusal to refund her money she says she lost due to a scam.

What happened

The circumstances of this complaint are well known to all parties concerned, so I will not repeat them again here in detail. However, I will provide an overview of events.

In short, Miss P has fallen victim to a cryptocurrency related investment scam. She says she was deceived by fraudsters into making payments towards what she thought was a legitimate investment with Lit Capital. The Santander credit card payments in question are:

Payment Number	Date	Beneficiary	Amount
1	5 September 2023	Coinbase.com	£416.41
2	5 September 2023	Coinbase.com	£13.95
3	5 September 2023	Coinbase.com	£780.42
4	5 September 2023	Paypal *mullinscharlen	£752.99
5	10 September 2023	Crypto.com	£500
6	11 September 2023	Crypto.com	£50
7	12 September 2023	Cro	£600
8	13 September 2023	Crypto.com	£1,300

Miss P disputed the above with Santander. When it refused to reimburse her, Miss P raised a complaint, which she also referred to our service.

One of our investigators considered the complaint and did not uphold it. As Miss P did not accept the investigator’s findings, this matter has been passed to me to make a decision.

What I have 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 find that the investigator at first instance was right to reach the conclusion they did. This is for reasons I set out in this decision.

I would like to say at the outset that I have summarised this complaint in far less detail than the parties involved. I want to stress that no discourtesy is intended by this. If there is a submission I have not addressed, it is not because I have ignored the point. It is simply because my findings focus on what I consider to be the central issues in this complaint.

Regulatory framework

The regulations which apply in this matter are the Payment Services Regulations 2017 (“the PSRs”).

Contingent Reimbursement Model (CRM) and APP Reimbursement Policy

The CRM code and the reimbursement policy only apply to authorised push payments, not – as in Miss P’s case – credit card payments.

Should Revolut have recognised that Miss P was at risk of financial harm from fraud?

It is not in dispute that Miss P authorised the payment transactions in this matter. Generally, consumers are liable for payment transactions they have authorised. However, that is not the end of the story. This is because even if a payment is authorised, there are regulatory requirements and good industry practice which suggest firms – such as Revolut – should be on the look-out for unusual and out of character transactions to protect their customers from financial harm. And, if such payment transactions do arise, firms should intervene before processing them. That said, firms need to strike a balance between intervening in a customer’s payment to protect them from financial harm, against the risk of unnecessarily inconveniencing or delaying a customer’s legitimate transactions.

I have borne the above in mind when considering the payment transactions in this matter.

I am not persuaded that any of Miss P’s payments (set out above) were that unusual or out of character.

I acknowledge Miss P’s payments were cryptocurrency related transactions and that four of which were made on the same day. I have weighed this against the following. Miss P’s payments were not particularly high in value – even when those made on 5 September 2023 are taken together. The payments were not a clear deviation in how Miss P usually ran her account. For example, the following is a snippet of spending on Miss P’s account: £476.95 (31 August 2023); £257.95 (29 August 2023); £400 (9 August 2023); and £3,950 (2 August 2023). Although there were multiple payments on 5 September 2023 – the timings of them were sufficiently spaced out (9:27, 10:05, 15:04, 18:23, 19:34).

Having weighed the aggravating factors against the mitigating factors set out above, I am not persuaded that the Miss P’s payments were that unusual or out of character. Therefore, I would not have expected these payments to trigger Santander’s systems prompting it to intervene.

Recovery of funds

Chargeback

Chargeback is an entirely voluntary scheme, which means firms are under no formal obligation to raise a chargeback claim. The relevant scheme operator can arbitrate on a dispute between a merchant and customer if it cannot be resolved between them. However, such an arbitration is subject to the rules of the relevant scheme – so there are limited grounds on which a chargeback can succeed.

The service of purchasing cryptocurrency/exchanging funds into cryptocurrency – is not covered under the chargeback scheme concerned in this matter. This is because the exchanges in question provided their services as intended. This also applies to any payment processor involved, as they would have carried out their services as intended when transferring funds.

For these reasons, I find that any chargeback claim in this matter had little chance of success under the relevant chargeback scheme. It follows that I would not have expected Santander to raise one on behalf of Miss P.

Section 75

I have considered whether Miss P had any section 75 rights under the Consumer Credit Act 1974. For Miss P to have section 75 rights, one of the requirements is that there is an 'unbroken' debtor-creditor-supplier ("DCS") agreement falling under section 12(b) or (c) of the 1974 Act. Because Miss P's payments were not made directly to the alleged fraudsters, the DCS chain in this case is broken.

For these reasons, I am satisfied that Santander was not liable to Miss P under section 75 regarding Miss P's payments.

Vulnerabilities

Miss P says that at the time of the scam she had suffered two miscarriages and was going through IVF treatment. She contends this left her extremely vulnerable due to her mental state.

From what I have seen, I am not persuaded that Santander knew or ought to have known about Miss P's personal issues at the time. Therefore, I cannot say that Santander should have dealt with Miss P's any differently in this respect.

Compensation for distress and/or inconvenience

I have considered whether an award for distress and/or inconvenience is warranted in this matter. Having done so, I am not persuaded that it is. I have not found any errors in Santander's investigation. Any distress and/or inconvenience Miss P has suffered is a result of the fraudsters' actions – not Santander's.

Conclusion

Taking all the above points together, I do not find that Santander has done anything wrong in the circumstances of this complaint. Therefore, I will not be directing Santander to do anything further.

My final decision

For the reasons set out above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 10 April 2025.

Tony Massiah
Ombudsman