

The complaint

Ms M complains that Santander UK Plc didn't do enough to protect her when she made payments to a property investment opportunity that she now considers was a scam.

What happened

Ms M made two payments from her Santander account towards a property development investment with 'H', one in April 2019 and another in November 2019. Ms M says the investment was a scam and Santander should've done more to protect her at the time she invested. She also considers one of the payments is covered by a reimbursement model.

Santander didn't uphold Ms M's complaint and said this was a civil dispute between Ms M and H.

Ms M came to our service, but our investigator didn't uphold her complaint for the same reasons, saying there wasn't evidence Ms M had been scammed. Via a representative, she asked for a final decision. They said that H was a known scam.

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.

I've considered longstanding regulatory expectations and requirements, and what I consider to be good industry practice for firms when processing payments. In line with this, Santander ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

Ms M made two payments toward her investment with H for £10,000, one in April 2019 and one in November 2019. Santander has said it did intervene on the payments complained about and has provided the warning Ms M would've seen in branch.

Given their values and Ms M's account usage, I accept Santander ought to have asked some questions about the purposes of the payments alongside providing the warning it's shared, to understand better what Ms M was doing. As we don't hold detailed notes from the time, I don't know if the branch staff did cover everything I'd have expected. However, I don't consider that proportionate conversations would've changed Ms M's decision to invest.

I'm not persuaded the kind of information I'd expect Santander to have shared/discussed with Ms M would've prevented the payments from being made. H was a legitimately registered company at the time Ms M paid into it and Santander wouldn't have been aware what would later happen with regards to Ms M's losses.

Ms M has provided us with some of the promotional literature for the investment with H. It's persuasive and comprehensive information for investors which sets out how it operates, and the returns expected. It seems highly unlikely that a conversation with Santander would've prevented Ms M going ahead with the investment when she held this information. And there

also wasn't anything obviously concerning about H available at the time of the payment. I haven't seen information that indicates Santander ought to have stopped the payments to H at the time Ms M was making them, or that anything it shared would've prevented her from going ahead.

I've then considered whether Ms M is due a refund under the Contingent Reimbursement Model (CRM) code for the payment to H in November 2019, the payment Ms M made once this code was in force. As her representatives argue she was scammed by H, this could apply.

The CRM code doesn't apply to all APP payments which ultimately result in a loss for the customer. It only covers situations where the payment meets its definition of an APP scam. The relevant definition for this case would be that Ms M transferred funds to another person for what she believed was a legitimate purpose, but which was in fact fraudulent.

I've considered the evidence available, but I can't fairly conclude that Ms M's been the victim of a scam in line with this required definition. This means the CRM code doesn't apply to her payment and so Santander isn't required to reimburse her under it.

Our investigator covered in detail why they considered the payment purpose Ms M had in mind, and the purpose in which the recipient had matched. I'm in agreement with them that this was the case, I'll explain why.

It's accepted Ms M's purpose for making the payment was to invest in H and for the funds to be used towards property development. And that she was persuaded at the time, through the paperwork, this was a legitimate venture. I accept that H failed to deliver what was expected from the investment, but I haven't seen any clear evidence this was always what it intended; or that at the time of the payment, it planned to use Ms M's funds in a different way to what was agreed. I haven't seen persuasive evidence that H's intention was to defraud Ms M when it took her funds.

The information we currently hold suggests that H was a failed investment venture, not a scam. The information provided doesn't evidence H had fraudulent intent when it took Ms M's funds, as required under the definitions within the CRM code. So I can't agree Santander was wrong to consider Ms M's situation a civil matter, or is wrong not to have reimbursed her under the CRM code at this time.

I appreciate Ms M is now in a position where she's lost out financially due to this investment. But I don't consider her loss is the result of any failings by Santander.

My final decision

For the reasons set out above, I don't uphold Ms M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 1 May 2025.

Amy Osborne
Ombudsman