

The complaint

Mr J complains that Santander UK Plc ought to have done more to prevent him from being defrauded.

What happened

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

In late 2023, Mr J was looking online for a flight. He typed into a search engine the name of a travel agent he'd used in the past and called the number on the website he found for their business.

Mr J spoke to an agent and provided the details of the flight he wanted. The agent quoted a price he was happy with and so he decided to proceed with the booking. He provided his Santander credit card details and authorised a payment of £750 on 13 November 2023.

Mr J was asked to await his booking confirmation, which he was told would arrive within 48 hours. But when this time elapsed, further investigations revealed he'd been misdirected to a cloned website and had been speaking with a fraudster.

After realising he'd been a victim of fraud, Mr J contacted Santander on 15 November 2023 to report the matter. While speaking with a representative of Santander, it was discovered that a further payment had been initiated for £459.03 to the same merchant.

Santander blocked Mr J's credit card and raised a claim. But after considering the circumstances, it concluded that there was nothing further it could do. It found that the payments were correctly authorised and that there was no way in which it could recoup the loss from the merchant.

Mr J, unhappy with Santander's actions, referred his complaint to this 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 concluded that Santander correctly processed the payments in line with Mr J's instruction. They also agreed with Santander's position that it had no way in which to recover the money lost.

Mr J asked that the matter be referred to an Ombudsman, as he felt the £459.03 paid from his account wasn't authorised by him. He therefore felt this sum ought to have been reimbursed. As such, the matter has now been passed to me to decide.

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.

Authorisation

The starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations 2017 (PSRs) and the terms and conditions of the customer's account. These regulations provide the framework for determining whether a payment has been authorised and, if so, the responsibilities of the payment service provider.

There is no dispute in this case that Mr J authorised the first transaction subject to this dispute. He provided the relevant card details and security information for the payment to be authorised. And he was directed to his online banking application as an additional security measure, to ensure he had processed and authorised that payment.

However, Mr J disputes authorising the second of the two payments. So, I first need to determine whether this payment ought to be treated as authorised or not.

It must first be acknowledged that Mr J had been deceived by the fraudster into believing they were a legitimate travel agent. And this ultimately led to him providing his card details and security information to them to process the payment.

The fraudster was the party inputting this information onto a legitimate merchant's website. And they were paying for the service Mr J required—albeit likely for a third-party other than Mr J, as is typically seen in these types of fraud. But Mr J did authorise the initial payment made. And this allowed the merchant to set up what is referred to as a continuous payment authority (or reoccurring payment). This allowed the merchant to pull payments from his credit card at a later date in relation to the purchase made.

While Mr J may have not been party to this information at the time he authorised the first of the two payments, he had inadvertently consented and authorised the merchant to do this when authorising the first of the two payments. And there is little Santander can do to stop such a payment unless its customer instructs it to prevent any future payments being made to that merchant.

Unfortunately, the second payment had been initiated before Santander had a chance to prevent it: as it was only discovered when Mr J called to report the fraud.

For the above reasons, Santander made no error in allowing the payment to be processed with the information it had at the time. I therefore find that both payments were authorised and processed correctly in line with the PSRs.

Should Santander have stopped the payments for any other reason?

Payment service providers, such as Santander, ought reasonably to be on the lookout for suspicious transactions that might indicate its customer is at risk of financial harm. That can include monitoring accounts for out of character payments or known fraud patterns and trends.

However, I don't find in the circumstances of this complaint that Santander had any reason to deem these payments out of character or suspicious in nature. While I don't intend to downplay the considerable sum of money Mr J has lost here, when thinking about the number of payment Santander processes at any given time, these payments weren't substantial in value. And when looking at the typical activity on Mr J's account, these payments did not stand out.

For these reasons, I don't find Santander made any error in choosing to process the payments without cause for concern or intervention.

Did Santander do all it ought to have done in attempting to recover Mr J's loss?

There are a number of ways in which Santander, and its customer, can raise disputes regarding payments made using a credit card. However, in this case, Mr J had inadvertently authorised payments to a legitimate merchant, for a legitimate service, via a fraudster.

Santander therefore knew that there was no realistic prospect a chargeback would be successful. As the payments were authorised and the service provided, albeit not to Mr J. So I don't find it unreasonable it didn't follow through with a claim against the merchant, as it ultimately would have failed due to the merchant not being at fault.

Summary

I realise my decision will come as a disappointment to Mr J. And I am sorry to hear of the loss he has suffered. But I can only find Santander liable for his loss where it has acted in error.

From the evidence I have seen, it processed Mr J's payments as instructed and with the relevant authorisation. And when it was made aware of the fraud, it was unable to do anything to recuperate Mr J loss by any viable means.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 17 September 2025.

Stephen Westlake
Ombudsman