

The complaint

Mr F complains that Santander UK Plc won't refund him the funds he lost after he fell victim to an investment scam.

Mr F is professionally represented in bringing his complaint, but for ease of reading, I'll refer to all submissions as being made by Mr F directly.

What happened

Mr F has explained that during the Covid 19 pandemic lockdown, being self-employed he was concerned about making money to support his family and his financial obligations. A friend advised him that they were investing with two companies, and passed on Mr F's phone number to be contacted. Mr F was contacted by an individual who claimed they could invest on Mr F's behalf. Unfortunately, unknown to Mr F at the time, the individual was in fact a fraudster.

Mr F explains he checked the company's website prior to investing and thought it appeared professional. The fraudster told him he had made over one million pounds from the platform and Mr F recalls there was a lot in the media at the time about rises in blockchain technology. Mr F therefore agreed to invest. Mr F made payments from two different accounts, those from his Santander account totalling £92,600. During this time, Mr F was encouraged not to make withdrawals as he was told that the returns he was making compounded into greater profits. However, when the scam firm then issued 'press releases' indicating there were payout issues and Mr F was blocked by the fraudster, he realised he'd fallen victim to a scam and contacted Santander to raise a claim.

Santander raised a fraud claim for Mr F and subsequently considered its liability to refund him. Santander is a signatory of the Lending Standards Board Contingent Reimbursement Model (CRM) Code, which requires firms to reimburse customers who have been the victims of APP scams like this in all but a limited number of circumstances.

Santander considered that it hadn't met its obligations under the Code to detect out of character payments on Mr F's account and provide him with an effective warning. It therefore accepted partial liability for Mr F's losses.

However Santander also said Mr F didn't have a reasonable basis for believing he was making legitimate payments. It said he did not complete relevant checks on the company and relied on the advice of a friend and the company's website. Santander therefore considered Mr F should also be held liable under the CRM Code for his losses, and reimbursed 50% of the payments made towards the scam.

Mr F remained unhappy and referred his complaint to our service. An investigator considered the complaint but didn't uphold it. He didn't think Mr F had demonstrated he had a reasonable basis for belief prior to making the payments. He noted that Financial Conduct Authority (FCA) warnings were available online regarding the first of the scam companies Mr F made payments to.

Mr F disagreed with the investigator's view. He also added that at the time he made the payments, as well as being under financial strain, he was also suffering with depression and doesn't consider he was in a healthy state of mind. While the investigator sympathised with Mr F's circumstances, he didn't consider this vulnerability made him unable to research further what he was doing, prior to proceeding, so maintained the view previously reached.

As Mr F disagreed with the investigator's view, the complaint has been referred 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.

As mentioned, Santander is a signatory of the Lending Standards Board Contingent Reimbursement Model (CRM) Code which requires firms to reimburse customers who have been the victims of authorised push payment (APP) scams in all but a limited number of circumstances.

Under the CRM Code, a bank may choose not to reimburse a customer if it can establish that*:

- The customer ignored what the CRM Code refers to as an "Effective Warning" by failing to take appropriate action in response to such an effective warning
- The customer made payments without having a reasonable basis for believing that: the payee was the person the Customer was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate

**Further exceptions outlined in the CRM Code do not apply to this case.*

Santander has already acknowledged it could've done more to protect Mr F from financial harm from fraud and has therefore refunded 50% of his losses. However, it also considers Mr F didn't have a reasonable basis for believing he was making legitimate payment transfers as part of the scam. Having considered the information provided by both Mr F and Santander, I think it is fair for Santander to have relied on this exception of the Code.

Despite the investigator in this case having asked for more information to understand how this scam unfolded, a notable proportion of information requested hasn't been provided and I've therefore had to reach a decision based on the information I do have available. Mr F has stated he was introduced to this scam by a friend, although it doesn't appear he knows how that friend came across the scam, or whether they'd received any returns. So arguably the amount of trust he could place on his friend's recommendation was limited, based on a lack of finer detail he'd been provided with.

While I appreciate Mr F reviewed the firm's website, I understand that prior to making his first payment towards the scam there were FCA warnings relating to the scam firm that would have been readily available online by searching the company's name. Considering Mr F doesn't appear to have asked many questions of his friend's experience with the company, I think it would have been prudent for Mr F to have conducted his own in-depth research into the company, particularly given the sizable payments he was making towards the scam from the outset, rather than relying on the firm's own site which wouldn't offer an unbiased overview of the company.

I've also considered Mr F's testimony regarding his personal circumstances at the time of the scam. I'm genuinely sorry to hear of the situation Mr F was in at the time – I can understand why, in a time that was already unsettling, the additional worry of finances would have impacted Mr F's mental health. The CRM Code provides reimbursement for customers that were vulnerable to a scam – that is, where *'it would not be reasonable to expect that Customer to have protected themselves, at the time of becoming victim of an APP scam, against that particular APP scam, to the extent of the impact they suffered'*.

While I don't doubt that Mr F's circumstances had an impact on his decision making, I don't think he was unable to have protected himself. For example, Mr F has explained he was able to check the scam firm's website when deciding to invest – so I think he could also have extended these checks to the internet more widely before deciding whether to invest, particularly as the scam went on over several years and therefore there wasn't the pressure of time against him to make payments.

Overall, while I appreciate this will come as a disappointment to Mr F, and while I don't underestimate the impact this callous scam will have had on Mr F, I don't find that Santander can be held fully responsible for the losses Mr F incurred and I think the offer it's already made to be partially responsible is fair in the circumstances.

My final decision

My final decision is that I don't uphold Mr F's complaint against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 1 April 2025.

Kirsty Upton
Ombudsman