

The complaint

Mr H is unhappy because Santander UK plc ('Santander') declined to refund him £1,400 which he lost as a result of a scam.

What happened

The details of this complaint are well known to both parties, so I will not go into every detail of what happened here. But in summary, both parties accept that in November 2023, Mr H was tricked into sending funds in the belief he was sending them to purchase a car. Unfortunately, he had fallen victim to a scam.

Mr H saw an advert for a car on a well-known online marketplace and contacted the person who shared a website link with them. After communicating with the seller over phone and text, he decided to buy the car. He agreed to pay a deposit for the car of £1,400 which he sent from his Santander account. He was provided with an invoice. Mr H explained that he then received another invoice with a different name on it, and unhappy with this he tried to cancel the purchase. The company stopped responding to Mr H, and it was around this time that he realised he had fallen victim to a scam.

Mr H complained to Santander, who did not uphold Mr H's complaint. They said they were not liable to refund him, as they had met their obligations but that he had not done sufficient due diligence to ensure that he was sending money to a genuine company.

Mr H remained dissatisfied. He escalated his concerns to our service where one of our investigators looked into what had happened. They said they did feel that it was most likely Mr H had fallen victim to a scam here, so it was not a private civil dispute. They recommended that Santander refund Mr H in full, along with 8% simple interest from the date the refund was declined under the Contingent Reimbursement Model ('CRM') code.

Santander did not agree with our investigator's recommendations. They said that they did enough to warn Mr H of scams, and that he did not meet the standard required of him. They said that although the company is registered with Companies House, Mr H paid a personal account with no affiliation to the company. They said that the warnings provided told him not to buy a vehicle if he had not viewed it first. However, Santander did then offer to refund Mr H 50% of his losses to bring the matter to a close. Mr H declined this offer.

As no agreement has been reached, the case has 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.

In deciding what's fair and reasonable in all the circumstances of the complaint, I'm required to take into account relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and where appropriate, what I consider to be good industry practice at the time.

In broad terms, the starting position in law is that a bank is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of their customer's account. However, where the

customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse them, even though they authorised the payment.

When thinking about what is fair and reasonable in this case, I have considered whether Santander should reimburse some or all of the money Mr H lost in line with the provisions of the CRM Code it had agreed to adhere to and whether it ought to have done more to protect Mr H from the possibility of financial harm from fraud.

There is no dispute here that Mr H was tricked into making the payments. But this is not enough, in and of itself, for Mr H to receive a refund of the money under the CRM Code. The Code places a level of care on Mr H too.

The CRM Code

Santander was signatory of the Lending Standards Board Contingent Reimbursement Model ('CRM') Code at the time of the payment, which required firms to reimburse customers who have been the victims of APP scams like this in all but a limited number of circumstances. Santander say exceptions to reimbursement apply in this case. It says that Mr H didn't have a reasonable basis for believing the person he transacted with was legitimate.

It is for Santander to establish that a customer failed to meet a requisite level of care under one or more of the listed exceptions set out in the CRM Code.

Those exceptions are:

- The customer ignored an effective warning in relation to the payment being made;
- The customer made the payment without 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.

**There are further exceptions within the CRM Code, but they do not apply in this case.*

Did Mr H ignore an effective warning in relation to the payment being made?

The amount of money Mr H sent - £1,400 – was not so unusual and out of character for Mr H's account that I would have expected Santander to recognise he was at risk of fraud or financial harm. And without cause for concern – I would not expect any kind of intervention to have taken place. This is because banks need to strike a balance between protecting their customers from financial harm, and intervening with genuine payments a customer makes. So, in this case I would not expect Santander to have provided an effective warning.

Santander have argued that they did enough to warn Mr H and he misled them in his response to their dynamic warning by advising that he had viewed the car in person. I do appreciate that Mr H indicated that he saw the item he was buying in person. But to rely on this exception to reimbursement, Santander must show they provided an effective warning. An effective warning under the CRM Code must be understandable, clear, timely, impactful and specific. It must also give customers information which gives customers a better chance to protect themselves against being defrauded and should include appropriate actions for customers to protect themselves from APP scams. In short – the warning needs to be capable of countering the typical features of the scam type identified during the payment journey. Santander provided a dynamic warning, so I won't quote every stage of it here. The warning journey did provide some relevant information about purchase scams – and I appreciate that he may have had a more useful warning if he had not said he had seen the item in real life. But I do not think anything in the warning journey would have helped Mr H recognise that he was falling victim to a scam, when he thought he was dealing with a legitimate business whose model operated by delivering the car to him. I don't think it was

impactful or specific enough to qualify as an effective warning. And so, I do not think it would be fair and reasonable for Santander to rely on this exception to reimbursement.

So the crux of this complaint falls to whether Mr H had a reasonable basis for believing that he was sending money for a legitimate car purchase.

Did Mr H have a reasonable basis for believe that the person he was transacting with was legitimate?

Having carefully considered the evidence on this case, I do not think Santander have done enough to show they can rely on this exception to the presumption of a refund here. I say this because:

- It appears that the company that Mr H thought he was dealing with had been imitated online. There is a company with the details which were on the original invoice Mr H received which matches the name and address he was given. So this would have added a sense of legitimacy to Mr H.
- There was a website which Mr H went on which appeared legitimate and added to the sophistication of the scam. The invoice he was provided with also appeared legitimate and professional.
- Mr H completed checks on the vehicle he thought he was purchasing including HPI and MOT checks. This is in line with what I would have expected him to do.
- Whilst Mr H did not see the car in person, this kind of business model – where one can purchase a car and have it delivered and returned within 7 days if it is not fit for their purposes - is employed by legitimate businesses.
- Our service asked Mr H about the fact he paid a personal account rather than a business account. He explained that he had paid for other goods and services to personal accounts rather than business accounts – such as builders. So, it did not occur to him that this should give him cause for concern. I think that given the professional website, the fact he received a sales agreement contract, and the checks he undertook, this seems reasonable in the circumstances.
- The name on the contract he received was also named on the Companies House and the nature of the business for the company was in line with selling vehicles.
- The car was a bit cheaper than other similar models at the time, but Mr H was told this was because it had been secured cheaper at auction. And nevertheless, it was not so cheap that I think Mr H should have recognized that it was priced at a point that was too good to be true.

So, I do not consider that any exceptions to reimbursement under the CRM Code apply in this case, and think that Santander should refund Mr H.

Putting things right

In order to put things right, I find it fair and reasonable to direct Santander to:

- Refund Mr H in full
- Pay 8% simple interest from the date the claim was declined under the CRM Code, until the date of the settlement. I

My final decision

I uphold this complaint and require Santander Uk Plc to reimburse Mr H as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 27 October 2025.

Katherine Jones
Ombudsman