

## **The complaint**

Ms J complains that Santander UK Plc didn't do enough to protect her when she made payments to two property investment opportunities that she now considers were scams.

## **What happened**

Ms J made three payments from her Santander account towards property development investments, one for an investment with 'G' and two for an investment with 'H'. Both G and H went into administration in January 2022. Ms J now says the investments weren't genuine and that she's been the victim of sophisticated scams.

Ms J complained to Santander in October 2023, but it didn't uphold her complaint. It didn't consider she was the victim of a scam and instead said she paid genuine companies that had since entered into administration.

Ms J was unhappy with Santander's response and brought a complaint to this service. Our Investigator didn't uphold her complaint as they said they hadn't seen sufficient evidence these payments were to scams.

Ms J maintains that her complaint should be upheld and says that Santander failed to comply with PAS 17271:2017 (the PAS Code) and the CRM Code. Ms J has explained why she thinks both G and H were operating scams and were Ponzi schemes. In particular for G Ms J has referenced unrealistic fixed rate returns of 9% per annum. For H, Ms J has referred to high commissions of as much as 35% paid to introducers and to high interest rates of up to 15% plus bonuses. So, Ms J confirmed she wanted an Ombudsman to reconsider her case.

## **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.

Taking into account the law, regulations, guidance, standards, codes, and industry practice I have referred to above, (including the PAS Code), Santander should have been on the look-out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (amongst other things). And, in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment.

Ms J made one payment to G for £10,000 in 2017 and two payments to invest in H, one for £10,000 in April 2019 and one for £9,000 in January 2021. Given their values and Ms J's account history, I accept Santander ought to have asked some questions about the purposes of the payments to understand better what Ms J was doing, alongside providing a scam warning to her. Due to the time passed, Santander is unable to show what warnings or questions, if any, were shown/asked when the payments were made. However, I don't consider that proportionate conversations would've changed Ms J's decision to invest.

I'm not persuaded the kind of information I'd expect Santander to have shared/discussed with Ms J would've prevented the payments from being made. Both G and H were legitimately registered companies at the time Ms J paid into them and there wasn't anything in the public domain at the time to suggest Santander should've been concerned that Ms J might be falling victim to scams. Many of the points Ms J has now raised didn't come to light until later and Santander wouldn't have been aware what would happen with regards to her losses.

Ms J hasn't provided us with paperwork for her investment with G, but she has set out that she received information before deciding to invest. And our Service has previously been provided with some of the promotional literature for the investments with H. Having reviewed this, it's persuasive and comprehensive information for investors which sets out how it operates, and the returns expected. And from Ms J's testimony she also received and saw this paperwork. So, it seems highly unlikely that a conversation with Santander would've prevented Ms J going ahead with the investment when she held this professional and comprehensive information. I'm also aware that G did provide Ms J with the returns expected initially, so this would've given her further confidence in H, as she was introduced by the same representative.

I haven't seen information that indicates Santander ought to have stopped the payments to G or H at the time Ms J was making them, or that anything it shared would've prevented her from going ahead. And Santander wasn't required to provide Ms J with investment advice as part of processing this payment, for example, going through the specific details of each investment including analysing proposed returns or looking at comparable investments in the way it's now been suggested by Ms J's representative.

I've then considered whether Ms J is due a refund under the Contingent Reimbursement Model (CRM) code for her payment in 2021 as this was made after 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 J 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 J'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 J 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 J'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 received and previous investing, 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 J's* funds in a different way to what was agreed. I haven't seen persuasive evidence that H's intention was to defraud Ms J when it took her funds.

Ultimately, 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 J's funds, as required under the definitions within the CRM code. So I can't agree Santander was wrong to consider Ms J's situation a civil matter, or is wrong not to have reimbursed her under the CRM code at this time.

I appreciate Ms J is now in a position where she's lost out financially due to these investments. But I don't consider her losses are the result of any failings by Santander.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 20 May 2025.

Amy Osborne  
**Ombudsman**