

## **THE COMPLAINT**

Miss S holds/held an account with Santander UK Plc (“Santander”).

Miss S’s complaint is about Santander’s refusal to reimburse her money she says she lost due to a scam.

Miss S is represented by Mendelsons Solicitors (“Mendelsons”) in this matter. However, where appropriate, I will refer to Miss S solely in this decision for ease of reading.

## **WHAT HAPPENED**

The circumstances of this complaint are well known to all parties concerned, so I will not repeat them again here in detail. However, I will provide an overview.

Miss S says she has fallen victim to a cryptocurrency related investment scam. She says fraudsters deceived her into making payments to what she thought was a legitimate investment with Validus. The payments in question were all fund transfers to a Coinbase account in Miss S’s name:

- Payment 1 - £4,200 (13 May 2023).
- Payment 2 - £150 (26 May 2023).
- Payment 3 - £12,500 (8 June 2023).

Miss S disputed the above with Santander. When Santander refused to reimburse Miss S, she raised a complaint, which she also referred to our Service.

One of our investigators considered the complaint and did not uphold it, which Mendelsons, on behalf of Miss S, rejected. Consequently, this matter has been passed to me to make a decision.

## **WHAT I HAVE 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.

Having done so, I find that the investigator at first instance was right to reach the conclusion they did. This is for reasons I set out in this decision.

I would like to say at the outset that I have summarised this complaint in far less detail than the parties involved. I want to stress that no discourtesy is intended by this. If there is a submission I have not addressed, it is not because I have ignored the point. It is simply because my findings focus on what I consider to be the central issues in this complaint.

Further, under section 225 of the Financial Services and Markets Act 2000, I am required to resolve complaints quickly and with minimum formality.

### **Contingent Reimbursement Model (CRM) code**

It appears that the payments from Miss S's Santander account went to a Coinbase account in her name. And then, the funds were converted into cryptocurrency and sent to the fraudsters. For these reasons, the CRM code does not cover Miss S's payments.

### **Regulatory framework**

The regulations which apply in this matter are the Payment Services Regulations 2017 ("the PSRs").

### **Was Miss S scammed / did she suffer a loss as a result?**

I have been provided little by way of evidence to support that Miss S was scammed and suffered a loss as a result. For example, I have not been provided with messages which were exchanged between Miss S and the fraudsters. Further, I have not seen evidence linking Miss S's Coinbase payments to Validus. So, other than relying on Miss S's testimony, it has been difficult for me to conclude that she was scammed and suffered a loss as a result. That said, I am satisfied that Miss S's complaint fails in any event for reasons I deal with below.

### **Should Santander have recognised that Miss S was at risk of financial harm from fraud?**

It is not in dispute that Miss S authorised the payment transactions in this matter. Generally, consumers are liable for payment transactions they have authorised. However, that is not the end of the story. This is because even if a payment is authorised, there are regulatory requirements and good industry practice which suggest firms/banks – such as Santander – should be on the look-out for unusual and out of character transactions to protect their customers from financial harm. And, if such payment transactions do arise, firms should intervene before processing them. That said, firms need to strike a balance between intervening in a customer's payment to protect them from financial harm, against the risk of unnecessarily inconveniencing or delaying a customer's legitimate transactions.

I have borne the above in mind when considering the payment transactions in this matter.

### **Payment 1**

I am persuaded that Payment 1 was unusual and out of character. I say this because of the value of the transaction and the fact that it was cryptocurrency in nature. Therefore, I take the view that Payment 1 should have triggered Santander's fraud detection systems.

### **What kind of intervention should Santander have provided?**

Given the above aggravating factors, there was an identifiable risk. Ordinarily, I would have expected Santander to have provided Miss S with an automated tailored warning relevant to cryptocurrency scams. However, given Santander's own internal policy about limits on cryptocurrency payments, I think Santander should have blocked Payment 1 and spoken to Miss S directly. That is to say, a 'human intervention' should have been carried out.

Santander failed to do this.

### **If Santander had intervened in the way described, would that have prevented the losses Miss S suffered from Payment 1?**

I have explained why it would have been reasonable for Payment 1 to have triggered an intervention from Santander. So, I must now turn to causation. Put simply, I need to consider whether Santander's failure to intervene caused Miss S's losses. To do this, I need to reflect on whether such an intervention would have likely made any difference. Having thought about this, I am not persuaded that it would have. I take the view that, on the balance of probabilities, Miss S would have frustrated Santander's attempt to intervene to protect her from financial harm/prevent her losses – thereby alleviating any concerns Santander had.

As I stated at the outset of this decision, Mendelsons have provided little by way of submissions and evidence. They have not provided messages which were exchanged between Miss S and the fraudsters, or any literature she may have received from the fraudsters. Further, despite stating they would, Mendelsons did not provide any submissions in response to the investigator's findings. They simply requested an ombudsman's review without setting out any details as to why the investigator's assessment was rejected.

Mendelsons have submitted that Miss S was introduced to Validus by her friend – whom she has known for six years. Because Miss S was introduced to the investment scam by a close friend, I am sure this would have played a part in Miss S believing the investment was genuine. To my mind, this is supported by the following submissions:

*"I [Miss S] heard about Validus via a friend of mine and then listened to several webinars explaining the process and how your investment would grow. I was convinced to invest when I could see that my friend was earning significant interest and had been able to withdraw some funds through what she had earned from recommending others."*

*"She [Miss S's friend] is an experienced and successful property investor so doesn't go into any investment opportunities naively."*

According to Mendelsons' submissions, Miss S was further taken in by the scam due to the online workshops she had attended, research on Validus she had carried out, Validus' social media account she followed, and the people she had spoken to that had already invested with Validus.

I note that there are some International Organization of Securities Commissions ("IOSCO") warnings about Validus online which predate Payment 1. Given the limited submissions from Mendelsons, it is difficult to conclude what Miss S would have said during a human intervention from Santander – particularly whether she would have mentioned Validus by name. If Miss S had mentioned Validus, and Santander discovered and made her aware of the IOSCO warnings – I think, on balance, Miss S would have gone ahead with Payment 1 regardless. In the absence of any detailed submissions from Mendelsons, I have reached this conclusion based on the points I have set out above – which show how much Miss S believed in the scam. Further or alternatively, I have seen quite a few negative online reviews about Validus created before Payment 1. Some of these reviews suggest Validus is a scam. I think that it is likely Miss S would have seen some of these reviews when, as she says, she conducted her research on Validus; and potentially, seeing the IOSCO warnings as well. But, for whatever reason, Miss S chose to ignore these and make her payment anyway. This further persuades me that Miss S was really taken in by the scam.

Based on the evidence before me, I find that Miss S would have likely spoken to her friend if Santander raised any concerns – especially given the fact Miss S says she saw her friend making withdrawals. This friend – and potentially the others who had invested with Validus – would have likely assuaged any concerns Miss S may have had about the investment.

To my mind, when taking all the above factors together as a whole, they suggest that had

Santander intervened in Payment 1 to try to protect Miss S from financial harm (in the way described above): it is likely Miss S would have wanted to go ahead with her payment regardless. It follows that Santander would not have been able to prevent Miss S's losses.

Finally on this point, I am not persuaded this is a case where Santander, contrary to Miss S's instructions, should have refused to put Payment 1 through.

### **Should Santander have exercised further interventions in relation to Miss S's other payments?**

I am not persuaded Payment 2 should have triggered Santander's systems given its low value.

I think an argument could be made to suggest that Payment 3 should have triggered an intervention like the one I have identified for Payment 1. I say this primarily because of the value of Payment 3. That said, I am not persuaded that such an intervention would have been successful – much for the same reasons I have set out above regarding my points about an intervention in Payment 1.

### **Recovery of funds**

I have considered whether Santander acted appropriately to try to recover Miss S's funds once the fraud was reported.

### **Payment transfers**

Miss S's payment transfers were made from her Santander account to a Coinbase account in her name. Thereafter, those funds were either moved directly to the fraudsters, or, if not – Miss S should be able to withdraw them from her Coinbase account. Further or alternatively, as Miss S's payments were made to purchase cryptocurrency – which would have been forwarded on in this form – there would not have been any funds to recover.

Further or alternatively, the likelihood that even if prompt action had been taken by Santander on or immediately after the fraud was reported, any of Miss S's money would have been successfully reclaimed seems slim. I say this because of the time that had elapsed between Miss S's last payment (June 2023) and when Miss S reported the scam (May 2024). In these types of scams, fraudsters tend to withdraw/transfer out their ill-gotten gains immediately to prevent recovery.

For these reasons, I am satisfied that it is unlikely Santander could have done anything to recover Miss S's payment transfers.

### **Compensation for distress and/or inconvenience**

I have considered whether an award for distress and/or inconvenience is warranted in this matter. Having done so, I am not persuaded that it is. I have not found any errors in Santander's investigation. Any distress and/or inconvenience Miss S has suffered is a result of the fraudsters' actions – not Santander's.

### **Conclusion**

Taking all the above points together, I do not find that Santander has done anything wrong in the circumstances of this complaint. Therefore, I will not be directing Santander to do anything further.

In my judgment, this is a fair and reasonable outcome in the circumstances of this complaint.

### **MY FINAL DECISION**

For the reasons set out above, my final decision is that I do not uphold this complaint against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 18 July 2025.

Tony Massiah  
**Ombudsman**