

The complaint

Mr V complains that Santander UK Plc won't refund the money he lost when he was the victim of what he feels was a scam.

What happened

In or before September 2021, Mr V came across an advert on a social media website for a company offering investments in artwork. He says he checked online reviews for the company, read articles about them and physically visited a gallery they said they ran. And as he thought the investment was genuine, he then made a number of payments to purchase artwork prints from the company.

I've set out the payments Mr V has complained about from his Santander account below:

Date	Amount
28 June 2022	£10,000
29 June 2022	£5,376.80

Mr V says he started to become suspicious about the company when he saw a number of articles online. He then tried to contact the company to arrange the sale of the prints he had bought, but was told the company had gone into liquidation. Mr V then reported the payments he had made to Santander as a scam, and asked it to refund the money he had lost.

Santander investigated but didn't agree to refund the money Mr V had lost. Mr V wasn't satisfied with Santander's response, so referred a complaint to our service. One of our investigators looked at the complaint but didn't think Santander would have had concerns at the time the payments were made and that Mr V was out of time to make a chargeback claim. Mr V disagreed with our investigator, so the complaint has been passed to me.

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.

Did Santander do enough to protect Mr V when he was making these payments?

In broad terms, the starting position at law is that banks are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

And Mr V accepts he made the payments here. So while I recognise he now feels the money has been lost to scammers, he did authorise the payments. And so the starting position in law is that Santander was obliged to follow his instructions and make the payments. So Mr V isn't automatically entitled to a refund.

Taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that in June 2022 Santander should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- 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;

And so I've also considered whether Santander should have identified that Mr V could be at heightened risk of financial harm from fraud as a result of any of the payments he made here, and what difference any action I would have expected it to take as a result would have made.

But even if Santander had identified that Mr V was at heightened risk of financial harm from fraud as a result of any of these payments, I don't think the checks I would've expected it to carry out would have uncovered significant concerns.

In these circumstances and given the size of the payments Mr V was making, I think it would be reasonable to expect Santander's checks to include questions about the purpose of the payments and then relevant follow-up questions about the investment Mr V thought he was making and what checks he had done to satisfy himself it was genuine.

But Mr V thought he was purchasing artwork, and would make money if the artwork increased in value and he sold it for a profit. And as this is a fairly standard format of investment, I don't think this will have seemed particularly suspicious to Santander. Mr V has also said he had previously bought and then sold artwork with the company and made a profit. So I think this would reasonably have made both he and Santander think the company was legitimate.

Mr V had received a number of phone calls and emails with the company, so his communication with them wouldn't have seemed suspicious either. And he's said he'd visited a gallery supposedly run by the company – which will also have reassured both Mr V and Santander that the company was genuine.

I've also seen copies of some of the promotional material the company issued about the investment, as well as the purchase orders and terms and conditions Mr V was sent. And I think these all looked relatively professional and legitimate. So, if Santander had asked to see any paperwork associated with the investment, I don't think this would have raised any concerns either.

And so if Santander had carried out the checks I would've expected when Mr V tried to make these payments, I think it would have been satisfied with the information it was given and I don't think anything it was told or shown would've caused it significant concern. Based on the information I would have expected it to uncover at the time, I think this would have looked like a genuine investment to Santander. And so I wouldn't have expected it to stop Mr V making the payments.

And so I don't think anything I would reasonably have expected Santander to have done in relation to these payments would have prevented the loss Mr V suffered. I therefore don't think it would be fair to require it to refund these payments he made.

Should Santander have carried out a chargeback for the payments?

We expect banks to take reasonable steps to try to recover any money their customers have lost – including making use of any available chargeback scheme. So I've also considered whether Santander did enough to try to recover the money Mr V lost.

A chargeback is a process by which card payments can be disputed with the merchant who took the payment. But the rules about the reasons why a payment can be disputed and the time limits for raising any dispute are set out in the chargeback scheme rules – which the bank must follow. And we'd only expect a bank to carry out a chargeback where there was a reasonable chance of it being successful.

The relevant scheme rules say that the time limit for raising a chargeback in Mr V's circumstances is 120 days from the date of the payment. But the last card payment Mr V made towards the scam was in June 2022, and he didn't report the scam to Santander until November 2023 – which is more than 120 days after this last card payment. So the time limit for raising a chargeback claim had already passed when Mr V reported the scam, and so Santander has acted reasonably in not carrying out a chargeback.

Mr V has argued that he raised his claim within 540 days of becoming aware the artwork he'd purchased wasn't as described, and so he is within the time limit for carrying out a chargeback. However, in any event and even if Mr V was in time for a chargeback, the merchant his payments were made to was a payment processing firm whose role was to facilitate the transfer of his funds to the company. And I've not seen any suggestion that the payment processing firm didn't pass the funds on correctly or was itself involved in any potentially fraudulent activity.

So I don't think there was a reasonable chance of Mr V's chargeback claim against the payment processing firm being successful and I think Santander still acted reasonably in not carrying one out.

I sympathise with the position Mr V has found himself in and I appreciate that he has lost a significant amount of money. I'm also in no way saying he did anything wrong or that he doesn't have a legitimate grievance against the company. But I can only look at Santander's responsibilities here and, for the reasons I've explained above, I don't think it would be fair to hold Santander responsible for the money he lost.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 12 September 2025.

Alan Millward
Ombudsman

