

The complaint

Mr C complains that Santander UK Plc ('Santander') hasn't refunded the money he lost as the result of a cryptocurrency investment scam.

Mr C referred his complaint to this service with the help of a professional representative. However, for ease of reading, I'll refer only to Mr C throughout my decision.

What happened

The circumstances of the complaint are well-known to both parties. So, I don't intend to set these out in detail here. However, I'll provide a brief summary of what's happened.

In March 2024, Mr C made three payments, totalling £15, from his Santander account to his digital wallet with a cryptocurrency exchange (which I'll refer to as 'C'). He also made seven payments, totalling £44,000 from his Santander account to his account with another banking provider (which I'll refer to as 'M'). Mr C then sent £43,500 from his account with M to his digital wallet with C.

Mr C used the funds (sent from Santander and M) to buy £43,515 worth of cryptocurrency from C, most of which was sent to a scammer and stolen, leaving Mr C with £4,462.67 worth of cryptocurrency at the point he realised he'd been the victim of a scam. In total, Mr C lost £39,052.33, which he asked Santander and M to refund.

Neither Santander nor M agreed to refund Mr C and so he complained to this service about both firms. Our Investigator upheld Mr C's complaints about Santander and M. To resolve the complaints, they recommended that Santander refund £14,025 and M refund £14,355, with Mr C taking responsibility for the remaining loss.

Mr C and M accepted our Investigator's recommendations, but Santander didn't agree and requested a final decision. As a result, the Santander complaint was passed to me to decide.

I recently wrote to all the relevant parties with my initial thoughts on how Mr C's complaints about Santander and M should be resolved. In summary, I explained that Santander and M had both missed opportunities to provide Mr C with cryptocurrency investment scam warnings that could've stopped the scam. I also thought Mr C had been contributorily negligent and needed to take 50% responsibility for the losses that Santander and M could've prevented.

I explained that the mistakes made by both Santander and M were very similar in nature – i.e., that they should've both recognised that Mr C was at risk of financial harm from fraud and prevented some of his loss. Where two businesses have made the same or similar mistakes, I didn't think their combined mistakes meant that they were more at fault (collectively) than they would be if only one of them had made a mistake.

Mr C agreed to take responsibility for £19,533.67 of his loss (100% of the loss from the £15 he sent to C from Santander and 50% of the subsequent loss). M also agreed to take responsibility for £12,259.33 of Mr C's loss, but Santander refused to be held responsible for Mr C's outstanding loss of £7,259.33.

Santander argued that Mr C didn't suffer a loss when he sent funds to his own digital wallet with C or bank account with M. It was only once he purchased cryptocurrency and sent this to the scammer that he suffered a loss, meaning Santander shouldn't be held responsible for any of the funds Mr C went on to lose.

As an informal agreement couldn't be reached, I'm proceeding to issue my final decision on Mr C's complaint about Santander.

Since asking Santander to reimburse £7,259.33, I've noticed that £250 of that loss couldn't reasonably have been prevented by Santander. As a result, M has agreed to take responsibility for that part of the loss (£12,509.33 in total), meaning the outstanding loss to be apportioned is £7,009.33.

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 a 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 have been good industry practice at the time.

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

It's not in dispute that Mr C made the scam payments to C and M. So, the payments were authorised and under the Payment Services Regulations, the starting position here is that Mr C is responsible for the payments (and the subsequent loss) despite the payments being made as the result of a scam.

However, that isn't the end of the story. Good industry practice required Santander to be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to warn the customer about the risks of proceeding.

The first five scam payments (three payments to C totalling £15 and two payments to M totalling £11,500) were all made on 6 March 2024. Those payments weren't so suspicious that Santander reasonably ought to have had concerns that Mr C was at risk of being scammed. As a result, I'm not persuaded Santander missed an opportunity to prevent those payments being made and I'm not asking Santander to reimburse any of the loss that arose from those transactions.

However, Santander did identify that a £1,000 payment to C on 7 March 2024 was suspicious. The transaction was blocked, and Mr C had to speak to Santander about the payment on 8 March 2024.

Mr C was asked to confirm if some recent transactions were authorised, including a £10,000 payment he'd made to M on 6 March 2024. Santander didn't ask why Mr C had moved a large amount of money to M, but when that payment was being discussed, Mr C did volunteer that he was trying to buy cryptocurrency. In the circumstances, once Santander was made aware of this, it ought to have reasonably given Santander cause for concern, as it was a large payment relating to cryptocurrency and Mr C ought to have been questioned further.

Santander did provide Mr C with some cryptocurrency investment scam advice, but this was brief, generic and didn't bring to life how cryptocurrency investment scams typically work. The warnings focused on preventing Mr C from giving a third-party access to his accounts or devices; highlighting the risks of being told to mislead Santander; and not trusting an opportunity found on social media that was too good to be true. These warnings weren't relevant to Mr C's circumstances at the time and so didn't resonate with him.

In the circumstances, I think Santander ought to have asked open and probing questions about what Mr C was doing or planning to do with the funds once he had moved them to C. I can't say what would've happened if Santander had done that (because it didn't ask open and probing questions about why Mr C was sending a large amount of money to a cryptocurrency exchange). So, I have to consider whether Mr C would, more likely than not, have responded positively to proportionate questioning.

I haven't seen any evidence to suggest Mr C wouldn't have been honest with Santander and, as he'd already confirmed he was moving funds to buy cryptocurrency, I think this suggests he would've told Santander the truth. So, if Santander had probed Mr C about why he was sending a large amount of money to a cryptocurrency exchange and what he planned to do with the funds, I think it's more likely than not that Mr C would've revealed details of the investment, for example:

- he had been contacted, unexpectedly, by a third-party claiming to be an author and well-known social media personality;
- he hadn't taken steps to verify the third-party was the person they claimed to be;
- the third-party had recommended a broker, which claimed to be undertaking investment activity it wasn't regulated in the United Kingdom ('UK') to carry out;
- he'd been asked to deposit investment funds in a trading platform using cryptocurrency;
- there didn't appear to be any links between the genuine social media personality and the broker/trading platform; and
- he was promised high returns that were unrealistic and too good to be true.

These are common hallmarks of a cryptocurrency investment scam and would've given Santander cause for concern that Mr C was at risk of financial harm from fraud. If Santander had pointed out the similarities between what Mr C was doing and common scams, I think this would've resonated with Mr C and led him to understand that he was falling victim to a scam and prevented him from sending any further funds to the scam trading platform.

I have taken into account that Mr C remained in control of his money after making the payments from Santander. It wasn't lost until he took further steps. But Santander should still have recognised that Mr C was at risk of financial harm from fraud and made further enquiries when it spoke to him on 8 March 2024, and ultimately prevented Mr C's loss from that point onwards. I think Santander can fairly be held responsible for Mr C's loss in such circumstances, with Mr C and M also taking partial responsibility.

The funds Mr C sent from his Santander account went to accounts in his own name. As a result, once it was aware of the scam, there wasn't anything Santander needed to do to attempt to recover Mr C's loss.

Calculating the parties' responsibility for the loss

Mr C has already agreed that he didn't act reasonably when making the scam payments, which resulted in a loss of £39,052.33. He's agreed to take full responsibility for the £15 he sent from Santander to C, which couldn't reasonably have been prevented, leaving an outstanding loss of £39,037.33.

Mr C and M have agreed to share equal responsibility for a loss of £11,000, which M (but not Santander) reasonably could've prevented, leaving an outstanding loss of £28,037.33.

The outstanding loss of £28,037.33 could've reasonably been prevented by Santander and M. As Mr C agrees he was contributorily negligent when making the scam payments, he's already agreed to take 50% responsibility (£14,018.67) for the outstanding loss of £28,037.33. M has also agreed to take 25% responsibility (£7,009.33) for that loss.

This leaves an amount of £7,009.33 (25% of the £28,037.33 loss that Santander could've reasonably prevented) left to be reimbursed by Santander.

To summarise:

- £15 – Mr C has full responsibility for this loss;
- £11,000 – Mr C and M share equal responsibility for this loss – i.e., £5,500 each; and
- £28,037.33 – Mr C takes 50% responsibility for this loss (£14,018.67), with Santander and M sharing the remaining 50% equally – i.e., £7,009.33 each.

Putting things right

From 8 March 2024, Mr C sent five payments from his Santander account as part of the scam, totalling £32,500. However, Mr C retained some of the cryptocurrency he purchased using his final payment, meaning he only suffered a loss of £1,537.33 from that transaction, giving an outstanding loss of £28,037.33.

To resolve the complaint, Santander should reimburse £7,009.33. This is:

- £6,625, which is 25% of the payments made on 9, 15, 23 and 25 March 2024, which totaled £26,500; and
- £384.33, which is 25% of the £1,537.33 loss suffered from the final payment on 31 March 2024.

Santander also needs to pay 8% simple interest per annum on the partially refunded payments, from the date of each partially refundable payment until the date of settlement.

My final decision

For the reasons explained above, my final decision is that I uphold this complaint in part.

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

Liam Davies
Ombudsman