

The complaint

Mr D complains that Santander UK Plc won't refund the money he lost when he was the victim of blackmail.

What happened

In February 2023, Mr D met a woman on a social media platform. They started talking, firstly on the social media platform and then through an instant messaging service, and then exchanged photos. But the woman then threatened to send Mr D's photo to everyone he knew, and Mr D received a video call from two men who threatened to send his photo to his friends and family if he didn't send them money.

Mr D says he felt he had no choice but to do what the men said, and so made a number of payments from his Santander account to bank details they gave him. I've set out the payments Mr D made below:

| Date | Details | Amount |
|------------------|-----------------------|--------|
| 10 February 2023 | 1 st payee | £200 |
| 10 February 2023 | 2 nd payee | £800 |
| 10 February 2023 | 3 rd payee | £500 |
| 10 February 2023 | 3 rd payee | £200 |
| 10 February 2023 | 3 rd payee | £500 |
| 10 February 2023 | 3 rd payee | £200 |
| 10 February 2023 | 3 rd payee | £200 |

After making these payments, Mr D called his parents, who persuaded him to not answer any more calls from the men and to report what had happened to the police and Santander.

Santander investigated but said these circumstances didn't meet the criteria to be reviewed as a scam. It said Mr D had been the victim of a crime, but he had authorised the payments and so it couldn't refund them to his account. Mr D wasn't satisfied with Santander's response, so referred a complaint to our service.

I sent Mr D and Santander a provisional decision on 11 October 2024, setting out why I wasn't intending to uphold this complaint. An extract from the provisional decision is set out below:

"The second payment Mr D made here, for £800 to the second payee, was returned to his account shortly afterwards. And so he hasn't suffered a financial loss as a result of this payment, and I haven't considered it any further.

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. And Mr D accepts he made the payments here. So while I recognise he only did so as a result of the threats the men made toward him, he did authorise the payments. And so he isn't automatically entitled to a refund.

Santander is a signatory of the Lending Standards Boards Contingent Reimbursement Model (the CRM code). This requires firms to reimburse customers who have been the victim of certain types of scams, in all but a limited number of circumstances. But customers are only covered by the code where they have been the victim of a scam – as defined in the code.

The CRM code defines a scam as where a customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person. Or where the customer transferred funds to another person for what they believed were legitimate purposes but were in fact fraudulent.

But here, Mr D made the payments to the people he thought he was transferring the money to. And the payments were made for the purpose Mr D thought he was making them for – in response to the blackmail. So Mr D wasn't deceived about either who he was paying or the purpose of the payments. And so the circumstances here don't meet the definition of a scam from the CRM code, and I don't think the CRM code applies.

The regulatory landscape, along with good industry practice, also sets out requirements for banks to protect their customers from fraud and financial harm. So, in line with this, I think Santander should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and 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 account providers 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, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.*

But the payments Mr D made here weren't for what I'd consider particularly large amounts, or amounts where I'd expect Santander to identify them as suspicious based on their size alone. They weren't significantly larger than the types of payments usually made out of Mr D's account, nor was it unusual for Mr D to make a number of payments on the same day. And the payments went to several different payees, and fluctuated up and down in size, so they weren't all obviously connected and didn't form a particularly suspicious pattern.

So I wouldn't have expected Santander to identify that Mr D could be at risk of financial harm as a result of any of these payments. And I don't think it's unreasonable that it didn't take any further steps or carry out any additional checks before allowing them to go through, and just followed his instructions to make the payments.

We also expect banks to take reasonable steps to recover any money their customers have lost. But, from what I've seen, Santander contacted the banks the payments were sent to within a reasonable amount of time after Mr D reported what had happened, to ask for the payments to be returned. So while, unfortunately, no money was recovered from those banks, Santander has done all I would expect it to have done.

I sympathise with the position Mr D has found himself in. He has been the victim of a crime and I recognise that my decision will come as a disappointment to him. But I can only look at

Santander's responsibilities here and, for the reasons set out above, I don't think anything I would have expected Santander to have done would have prevented the loss he suffered. So I don't think it would be fair to require Santander to refund any of the payments he made."

I said I'd consider anything further Mr D and Santander sent in, provided it was received by the deadline given.

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.

Santander responded to the provisional decision to say it didn't have anything further to add. Mr D didn't respond to the provisional decision before the deadline given.

As neither Mr D nor Santander provided any further evidence or arguments to be considered, I still think the findings I set out in the provisional decision are correct – and for the same reasons.

I still don't think anything I would have expected Santander to have done would have prevented the loss Mr D suffered. So I don't think it would be fair to require Santander to refund any of the payments he made here.

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 D to accept or reject my decision before 28 November 2024.

Alan Millward
Ombudsman