

The complaint

Mr F complained because Santander UK Plc refused to refund him for transactions which he said he hadn't authorised.

What happened

On 3 June 2024, Mr F arrived on holiday abroad. He found that credit cards weren't widely accepted in the country where he was staying, so he tried to use a cash machine to withdraw money. He used his Santander Zero credit card, which he only used when on holiday.

After Mr F had put in his card and PIN, the screen went blank. He was able to withdraw his card, but no money came out.

Between 4 and 8 June, there were 14 transactions on Mr F's card. The sterling equivalent of these ranged from £1.12 to £450.49, and the total was £623.93.

When Mr F saw his statement on 9 June, he contacted Santander and reported that he hadn't made these transactions. Santander investigated, but it refused Mr F's claim for a refund, saying it hadn't been able to identify a point of compromise for the transactions.

Mr F complained. In Santander's final response, it said that what it looked for in a case of this nature was a point of compromise for either the card, or the PIN. It confirmed all the disputed transactions had been made using the chip in Mr F's card and the correct PIN. Mr F had confirmed he still had the card, so Santander couldn't identify how the card and PIN had been compromised.

Mr F wasn't satisfied and contacted this service. He said he'd since learned from research that there was a common practice in the country he was visiting, for charges of inflated amounts. He said he hadn't shared his PIN and had only tried to withdraw money from a cash machine, which wasn't possible without putting in his PIN. He said there was an obvious increase in these types of activity in the country concerned. He also believed that the fact Santander blocked his card and replaced it with a new one, when he reported the fraud, meant that Santander knew a fraud had taken place. He was unhappy with Santander, and pointed out that he'd been a loyal customer of Santander for many years and had never made a claim or had an issue before.

Our investigator didn't uphold Mr F's complaint. He explained that when a customer denies making a transaction or transactions, the bank should conduct a detailed investigation to establish whether the customer should be held liable. So he'd requested all evidence from Santander.

This had shown that the disputed transactions had all been made using chip and PIN – in other words, Mr F's physical card and correct PIN. There had been no incorrect PIN attempts. The investigator also explained that the article Mr F had sent about cloning cards had also said that "chip" cards were designed to combat card cloning, as it isn't possible for the chip inside the card to be cloned. He said this was what Santander had meant when it

had said Mr F's card couldn't have been cloned. As Mr F had said the card didn't leave his possession, because he didn't try to use it again after the failed cash withdrawal, this didn't explain how his physical card could have been used to make the transactions without Mr F's knowledge.

The investigator said that Mr F's recollection of events had remained consistent throughout. But he explained that the evidence was compelling, and as the physical card had been used, and with no explanation for how the card could have been taken and returned without Mr F knowing, he couldn't ask Santander to refund Mr F.

Mr F didn't agree.

He said that while he understood the investigator's position, he hadn't wavered in his explanation of events. While the card was used on multiple occasions, it was only when he realised what was happening, and managed to shut down the card, that the transactions stopped. He believed that Santander's stopping the card and issuing a new one indicated that on some level it agreed with his assessment and explanation. He thought it wouldn't have taken this action if it hadn't believed Mr F's history of what had happened.

Mr F didn't agree that it was impossible for the chip to be cloned, and said that everyone knows that something is deemed impossible until it was later proved to have happened. He said he was very disappointed with the outcome after many years as a loyal Santander customer with not a single blemish on his record. He said that at the very least he would like the largest transaction, for £450.49, refunded as this was for a huge amount of money that he couldn't afford. He said this was for a well-documented issue around the area where he'd been. He said Santander should be aware of that operation and protect its customers.

Mr F asked for an ombudsman's decision.

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.

There are regulations which govern disputed transactions. The relevant regulations here are the Payment Services Regulations 2017. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them. So what determines the outcome here is whether it's more likely than not that Mr F, or a third party fraudster unknown to him, carried out the disputed transactions.

I recognise that Mr F feels strongly about his complaint, and I agree with the investigator that Mr F has been consistent in his account of events. But I also need to consider the independent computer technical evidence and what that shows.

That computer evidence shows that the disputed transactions were carried out with Mr F's genuine Santander card, with the unique chip embedded into it. I've considered Mr F's comment that the card could have been cloned. But I find it unlikely in this situation. It's not generally thought possible to copy the chip on a card, and our service hasn't come across any cases where we felt this was a likely explanation of what happened.

Although there is often talk about cards being cloned, cloning only takes an image of the card, including the magnetic stripe. Cloned cards won't work where a card is physically presented because the chip is read. Chip technology is complex and sophisticated. Here, Mr F's genuine chip was read for all the disputed transactions.

Also, Mr F's correct PIN, which he said he hadn't disclosed, was entered with no incorrect attempts. There are 10,000 possible combinations of a four digit number, so it's unlikely a fraudster could have correctly guessed the number at the first attempt.

The last time Mr F had used the card at a cash machine for a genuine transaction had been two months earlier, on 16 April. So it's unlikely that anyone could have seen Mr F enter his PIN on that earlier occasion. And even if there had been some sort of photo device on the cash machine Mr F used, which had recorded the PIN he typed in, this doesn't explain how a fraudster could have obtained the genuine card.

So to carry out the disputed transactions, a fraudster would have had to take and return Mr F's card for each of the 14 disputed transactions, and return it to him, as well as obtaining Mr F's PIN. I can't see how that was done.

I've also borne in mind that Mr F had a very high credit limit, with no existing balance at the time of the disputed transactions. While I appreciate that £623.93 is a lot of money to lose, I think it's likely that if a fraudster had somehow obtained Mr F's genuine card and correct PIN without his knowledge, they'd have taken the opportunity to spend much more.

Finally, Mr F believes that Santander blocking his card and replacing it with a new one when he reported the fraud, meant that Santander knew a fraud had taken place. But it's standard practice for banks to block cards immediately when a customer reports a fraud. This has the aim of preventing further transactions and is a sensible precaution. But at that early stage when taking the call, the bank can't yet have investigated. So blocking a card can't be seen as the bank agreeing that a fraud has taken place.

As Mr F's evidence is that he had his card in his possession throughout this time, and the technical computer evidence proves that the genuine card, as well as the correct PIN, were used for the disputed transactions, it's not open to me to uphold this complaint. So Santander doesn't have to refund Mr F.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 11 March 2025.

Belinda Knight
Ombudsman