

The complaint

Mr M says Santander UK Plc ('Santander'), didn't do enough to help when he fell victim to a scam. He says Santander should reimburse the money he lost.

What happened

As both parties are familiar with the circumstances of this complaint, I've summarised them briefly below.

In January 2024, Mr M fell victim to an impersonation safe account scam. Mr M, expecting a delivery, received a 'phishing text'. This meant Mr M shared some personal details with a scammer. Sadly, these details were then used against Mr M, and he was contacted by someone purporting to be from Santander. Mr M was led to believe that his account was at risk and that he had to transfer his funds to a safe account. This led to the scammer facilitating a card payment for £1,250.87 – which Mr M authorised through his banking app with Santander, believing it was a transfer of his balance to a new safe account.

The scammer ended the call, and Mr M realised he had been the victim of a scam. Mr M went into a Santander branch straight away to report the matter. Mr M was told that the payment was pending, and the money hadn't left the account. Mr M says he asked for the transaction to be stopped but it subsequently debited his account.

Mr M complained about the matter to Santander. Ultimately Santander didn't consider it was liable for the losses Mr M incurred.

Unhappy with Santander's response, Mr M brought his complaint to our service. Our Investigator reviewed the matter and didn't recommend the complaint be upheld. They were satisfied Mr M had authorised the payment and they didn't think Santander ought to have done more to identify the payment as potentially fraudulent in the circumstances. They didn't consider Santander ought to have had a cause for concern that Mr M was potentially at risk of financial harm, or that he was falling victim to a scam to an extent that it ought to have intervened and questioned him further about the card payment.

With regards to the recovery of any funds, the Investigator found that there wasn't anything further that Santander could do to recover the funds. They also found that it wasn't unreasonable for Santander to not attempt a 'chargeback' against the merchant as it wouldn't have any reasonable prospect of success.

Mr M disagreed with the Investigator's opinion. In summary, Mr M considered it was an unusual payment for the account as he typically only used his debit card for ordinary living expenses, and this payment cleared his balance completely. So, Mr M felt Santander ought to have paused the payment and questioned it. Mr M also considered that Santander ought to have been concerned about the merchant and it was likely to be fraudulent – so this should have also put Santander on notice that something wasn't right. Mr M also considered that his personal instruction to stop the payment 45 minutes after it had been made, should have been enough to stop the payment – in essence his personal instruction should override the previous digital instruction given. And Mr M felt that upon informing Santander of what had happened, his account should have been frozen completely which would have prevented the 'pending' funds from coming out of his account.

Our Investigator reviewed Mr M's comments but wasn't persuaded to change her opinion. The Investigator considered the payment, while higher than Mr M's usual activity, wasn't suspicious enough to an extent that it ought to have alerted Santander to carry out additional checks given the amount of payments Santander processes on a daily basis. The Investigator also considered that the merchant is a genuine and legitimate company – so wouldn't have given Santander cause for concern. They also advised that while Mr M reported the payment straight away, once a card payment has been approved / authorised the transaction had been carried out, and it could no longer be stopped.

Mr M asked for an Ombudsman's decision. So, as the matter hasn't been resolved, it's been passed to me to decide.

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.

I'm aware that I've summarised this complaint and the responses briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here – which is to determine whether Santander should have done more to prevent, or recover, Mr M's loss. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Having thought very carefully about Santander's actions, I'm not upholding Mr M's complaint. I do appreciate how disappointing this will be for him. Mr M was the victim of a cruel scam. But in weighing everything up, I don't think I can fairly say Santander should reimburse him. I'll explain why.

Why the Contingent Reimbursement Mode ('CRM') Code isn't applicable

The Lending Standards Board CRM Code was implemented to reduce the occurrence of scams and provide increased protection from the impact of authorised push payment ('APP') scams, both through reimbursement and the reduction of APP scams. But the 'Definitions and Scope' of the CRM Code set out that it is in relation to payments that are '*a transfer of funds executed across Faster Payments, CHAPS or an internal book transfer*'. Here Mr M's payment wasn't an APP Faster Payment, he had authorised the approval of a card payment to a merchant. So card payments aren't covered by the provisions of the CRM Code meaning it isn't an applicable consideration in this complaint.

Why the Authorised Push Payment scam reimbursement rules ('ASR rules') aren't applicable

From 7 October 2024, the ASR rules came into effect, and again, they were implemented to provide reimbursement to victims of APP fraud. However, the ASR rules aren't retrospective, and they also only apply to Faster Payments and CHAPS transfers between banks, and internal transfers within the same bank. And the ASR rules also don't apply to card payments.

So that means the payment Mr M authorised, albeit while being duped into doing so, isn't covered by or within the scope of the CRM Code nor the ASR rules.

The relevant law and regulations in place at the time

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account.

In this case, Mr M authorised the approval of the card payment through his banking app. Mr M says everything was pre-populated and he approved it thinking it was a genuine transfer. Sadly, it was card payment to a merchant, and it required Mr M to authorise it, so Mr M would have received a notification which would have taken him into his app to approve the payment – and that is why all the details showed, such as the amount.

As Mr M authorised the payment that is in dispute, under the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Mr M is responsible for it. And that remains the case even though Mr M was the unfortunate victim of a scam.

However, there are times when I might expect a bank to question a transaction or payment, even though it may have been properly authorised. Broadly speaking, firms (like Santander) should fairly and reasonably have been on the lookout for the possibility of fraud in order to protect its customers from the possible risk of financial harm as a result of fraud and scams.

What does this mean for Mr M?

In this case, I need to decide whether Santander acted fairly and reasonably in its dealings with Mr M when he made the payment, or whether it should have done more than it did.

I've thought about this carefully. Having done so, I can't fairly say the payment Mr M made would (or should) have alerted Santander that Mr M was potentially at risk of financial harm, to an extent whereby it should have carried out some additional checks around the purpose of the payment before processing it. So, I don't consider Santander are liable for the losses Mr M incurred. I'll explain why.

I have to be mindful that banks process a high volume of transfers and transactions each day. And a bank has to strike a balance as to when it should possibly intervene on a payment against not holding up or delaying its customer's requests.

Here, I don't consider there is anything unusual or remarkable about the payment or the amount that ought to have alerted Santander to the possibility Mr M was being scammed or was at risk of financial harm. And while I appreciate it was a lot of money to Mr M, given the volume of payments Santander processes, the amount wasn't so significant that I would expect Santander to carry out some additional checks on it.

I appreciate Mr M's comments that the payment cleared his balance, but it wasn't uncommon for Mr M to use or facilitate his overdraft. So, all things considered I can't fairly say that it was unusual account activity. And I am also mindful customers can make a one-off larger payment on occasion, and here it was a payment to a legitimate merchant and Mr M had authorised the payment to it. So, Santander would have been satisfied that it was Mr M making the payment and the amount wasn't so remarkable in value that it ought to have given Santander cause for concern that Mr M was at risk. Had the amount been larger or had Mr M made further multiple payments in quick succession, it may have flagged on Santander's fraud detection system for additional checks, or it may have sought to provide a warning. But that wasn't the case here.

So, all things considered, I think it was reasonable that the payment didn't flag as suspicious – and I can't say Santander acted unfairly here.

Recovery of the funds

I have also considered whether Santander did all it could to try and recover the money Mr M lost. And I have taken on board Mr M's comments about the payment showing as pending when he reported it – and that his in-person instruction to stop the payment or freeze the account should override the previous instruction.

I understand Mr M's points here, and his frustration – especially given he reported things instantly. However, despite Mr M contacting Santander by going into branch straight away, the payment, had been authorised, and it couldn't be stopped. He had already authorised a payment to a genuine merchant, and that merchant would have been providing real time goods or services. In essence, as soon as Mr M authorised the payment, the goods or services the merchant was carrying out or providing, would have been given straight away – despite the reporting lag and the payment showing as pending on the statement. The payment and fulfilment of services had already been completed.

It is for that reason it unfortunately meant there wasn't anything further Santander could do to help Mr M recover his funds such as through a 'chargeback', as there was no prospect of success. This is because the 'chargeback' would be against the merchant – and here it would have been the case of a genuine merchant having legitimately carried out its service.

Mr M's concerns around Santander's January 2024 data breach

Mr M is concerned the scammers may have obtained his information as a result of the data breach that Santander experienced in January 2024 as a result of hackers.

My understanding is that UK customers weren't affected, but all current (and former) employees were. However, if Mr M has any concerns about whether his data had been compromised as a result of that data breach, he would need to contact Santander in the first instance in order to allow it to investigate and respond.

Summary

While I appreciate Mr M has been the unfortunate victim of a cruel scam, I think Santander's decision not to refund him in this instance was fair and reasonable in the circumstances.

I say this because I'm satisfied Santander followed Mr M's instructions to make the payment and I haven't seen any reason why it shouldn't have done this. And unfortunately, there wasn't anything further Santander could do to stop the payment once it had been authorised. There was nothing it could do to help Mr M recover the payment, such as through a 'chargeback', as there was no prospect of success given the nature and purpose of the payment Mr M made as it likely would have been successfully defended by the merchant.

My final decision

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

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

Matthew Horner
Ombudsman