

The complaint

Mr G says Santander UK Plc ('Santander'), hasn't treated him fairly following an 'authorised push payment' ('APP') investment scam he fell victim to. He says Santander should reimburse him for the money he lost along with compensatory interest as he has been unfairly deprived of his funds.

Mr G has used a family representative in bringing his complaint. Within this decision, for ease of reading, I will refer solely to Mr G throughout.

What happened

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

Mr G fell victim to an investment scam carried out by someone whom I'll call 'Mr F'. Mr G, in April 2021, made a payment for £10,000 from his account with Santander to Mr F as part of the scam.

Mr F was subsequently arrested in November 2021, with law enforcement and the Financial Conduct Authority ('FCA') carrying out an investigation into the actions and practices of Mr F.

Mr G reported the matter to Santander shortly after, to try and recover his funds or be reimbursed his loss under the Lending Standards Board ('LSB') 'Contingent Reimbursement Model' ('CRM Code') - which was a voluntary code that Santander was a signatory of. The CRM Code required firms to reimburse customers who have been the victims of APP scams in all but a limited number of circumstances.

Santander wrote out to Mr G in November 2021, acknowledging his claim and explaining it will consider the matter under the CRM Code and provide an update within 15 days. Santander wrote out again to Mr G in December 2021, advising it was still investigating the matter.

In December 2021, the FCA advised victims that the court had granted a restraint order under the provisions of the Proceeds of Crime Act 2002. The purpose of the restraint order was to preserve available assets so that victims could be compensated by the court in the event Mr F was convicted.

In December 2023, following the investigation by law enforcement and the FCA, the FCA brought charges against Mr F for committing fraud by false representation and for carrying out activity without authorisation.

Mr G referred a complaint about Santander to this service around the same time. Mr G considered the investigation into Mr F was complete and he ought to have been refunded by Santander, under the CRM Code, as a result.

Mr F pleaded guilty to fraud and, in May 2024, was sentenced to six years in prison. A confiscation order against Mr F was granted by the court (in January 2025). And it was ordered that the funds subject to the confiscation order be paid (disbursed) in compensation to the victims of Mr F.

The FCA wrote out to all victims in October 2024 about the impending disbursement process. It advised the most practical approach, whereby victims whose banks were signed up to the CRM Code, would be for the confiscation and compensation proceedings to happen first. This would enable victims to receive payments from Mr F's confiscation order. And the FCA advised banks would then be required to make up the deficit for each victim after, by reimbursing their customers under the CRM Code.

In November 2024, our Investigator partially upheld the complaint and considered Santander should reimburse Mr G for his loss, but that it should do so when the disbursement process had been completed. So, once Mr G received any amount through the disbursement process, Santander should, at that point, pay the remaining difference. And it should do so within 28 days of knowing what it needed to repay Mr G. They explained if Santander took longer than that, then it should pay 8% simple interest per annum from day 29 until date of settlement. But they didn't consider Santander should be liable for any other additional compensatory interest for Mr G not being refunded his funds sooner. They were of the opinion it wasn't fair to ask Santander to pay compensatory interest when it was not known by Santander what it was required to pay Mr G – as a result of external factors outside of Santander's control.

Santander agreed and said it will reimburse Mr G in full for his remaining loss, under the CRM Code, once the disbursement process has been completed.

Mr G disagreed and remained of the opinion he had been, and still is being, treated unfairly by Santander.

In summary, Mr G says:

- Santander hasn't followed the provisions of the CRM Code that it signed up to. And it ought to have applied the CRM Code, and its applicable timescales, to his fraud claim back in November 2021 when he reported the scam. So, Mr G considers Santander should have deemed he was a victim of fraud and reimbursed him under the CRM Code back in November / December 2021.
- there were no provisions within the CRM Code at that time that allowed for Santander to delay providing its answer to his fraud claim due to any external investigation being undertaken by other statutory bodies.
- the LSB advised him that Santander, upon the conclusion of the investigation and court proceedings, also ought to have made a decision to refund him within 15 days from that point. But Santander still has not reimbursed him.
- there are no provisions within the CRM Code that meant Santander needed to wait for any proceeds of crime or the disbursement process to be completed in order to reimburse him under the CRM Code.
- other victims have already been refunded.
- by not adhering to the CRM Code and its timescales, and with the process of the investigation and court proceedings against Mr F being drawn out, he is out of pocket

as a result. Mr G argues that he has not had his funds when he should have, meaning those funds haven't been earning the potential interest they could have.

- Santander should reimburse him in full and pay him additional compensation for being deprived of his funds as it did not adhere to the CRM Code. Mr G is also of the opinion he should receive any compensation from the disbursement order as well.

Our Investigator considered the ongoing external factors of the FCA involvement in which the court granted the confiscation order of Mr F's funds and the disbursement process currently being carried out in relation to those funds. After doing so, they ultimately proposed to close down Mr G's complaint. They explained that once the disbursement process was completed and Mr G received any funds from this process, then Santander – at that point – would pay his remaining loss. So, they considered our service had limited ability to help Mr G any further in regard to obtaining the refund of his funds. And as the process was already being undertaken, matters would resolve themselves in due course.

The Investigator also explained that Mr G could have the matter referred for an ombudsman's decision as part of our service's two stage process – but that it wouldn't likely be of any benefit in this instance given what had happened in the circumstances of this complaint and that Mr G will be receiving his funds back.

Mr G has asked that his complaint isn't closed while the disbursement process is ongoing, as he hasn't been refunded and doesn't consider the complaint to be resolved. Mr G remains of the opinion that Santander acted outside of the provisions of the CRM Code, and it should have accepted his fraud claim within the applicable timescales set out by the CRM Code. As it hasn't, he considers he should be reimbursed in full for his loss and he should be awarded compensatory interest for being deprived of his funds for so long.

Whilst Mr G wants his case to remain open until matters are resolved to his satisfaction, we – as a service – can't keep complaints open indefinitely. Our powers allow us to progress and answer a complaint or proceed to issue a decision on a complaint, whereby we think we are in a position to do so, and it is fair and reasonable to do so in the circumstances.

So, Mr G's complaint has therefore 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.

In considering this complaint, I have also taken on board comments Mr G's representative has provided on other complaints that are with our service and that are in relation to the same scam that Mr G fell victim to. Broadly summarised, those comments set out why reimbursement should have occurred sooner and that the failure to do so has meant Mr G (in this case) is out of pocket as a result.

I'm very 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 has acted fairly in its dealings with Mr G as a result of the scam he fell victim to. 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 a fair and reasonable outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

This has been a lengthy process for Mr G. He was the victim of the scam orchestrated by Mr F, then there was the investigation which resulted in charges being brought, the subsequent court proceedings, hearing and sentencing of Mr F, through to the granting of the confiscation order against Mr F by the court and undertaking of the disbursement process. So, from being scammed, through to trying to recover his losses, it has been an ordeal for Mr G.

Having thought carefully about Santander's actions, I'm reaching the same outcome as our Investigator and I'm upholding Mr G's complaint, in part. I'm satisfied Mr G was the victim of a scam, and that he should be reimbursed, but I'm also satisfied Santander should only reimburse Mr G once the disbursement process has been finalised and his loss is known. And I'm not satisfied Santander are required to pay any additional compensatory interest to Mr G as a result of the delays. I consider it would be unfair to do so as Mr G's loss wasn't known to Santander at the time and still isn't, meaning it isn't in a position to know what amount it should reimburse Mr G.

I appreciate Mr G will be frustrated by my decision, but I'll explain my reasons why.

Mr G is correct in saying the CRM Code is relevant. Santander were signed up to the CRM Code and it required firms to reimburse customers who had been the victims of APP scams in all but a limited number of circumstances. And the CRM Code set out the timescales that firms should adhere to when assessing fraud claims. So, I can certainly understand Mr G's strength of feelings here and can see why he considers he should have already had his claim reviewed and be reimbursed, and that this should have happened when he reported the scam to Santander.

And I agree and acknowledge that while there was an ongoing investigation by law enforcement and the FCA into the actions of Mr F, there was sufficient evidence to support Mr G assertions he had clearly fallen victim to the scam orchestrated by Mr F, the most damning of which was Mr F's confession to what he had done. So, Santander, to my mind, could have accepted Mr G's fraud claim far sooner than it did.

And I also agree that at the time Mr G raised his fraud claim with Santander, there were no provisions within the CRM Code that allowed for it to delay its answering of Mr G's fraud claim due to any ongoing investigation by a third-party statutory body (such as the police or the FCA). These provisions came into effect within the CRM Code shortly after – in April 2022, and they were implemented as a result of the type of scam Mr G had fallen victim to and similar other large-scale scams where there were other statutory bodies carrying out an investigation into an alleged scam.

But, and importantly, the test I have to apply here is whether it is fair and reasonable to conclude that any failings by Santander in it not accepting Mr G's fraud claim under the CRM Code, meant it was at fault for not reimbursing Mr G his funds sooner and it has therefore caused Mr G to be deprived of those funds as a result.

Mr G considers Santander is at fault as it should have reimbursed him under the CRM Code, and it has therefore deprived him of those funds. He argues additional compensatory interest should be awarded to him at a rate of 8% simple interest per year on the funds he has been deprived of from the date Santander should have accepted his claim under the CRM Code (considering the applicable timescales) up until he is reimbursed.

I disagree. While I accept Santander could have concluded the *outcome* of his fraud claim under the CRM Code sooner than it did, by accepting Mr G had been the victim of a scam, I don't think any failings by Santander in this regard meant it would have been in a position to reimburse Mr G for his *actual* loss at that time.

I say this because it quickly became apparent that there were substantial losses, widespread victims and complex account activity at play. Some victims received returns that meant they weren't at a financial loss and some profited – such is the nature of a Ponzi scheme / trading scam. Also, some victims invested on behalf of others, so their actual loss wasn't immediately apparent and needed to be established or further broken down. And some victims invested not through monetary means but via other assets. The flow of funds in and out and how much went to whom or how much some victims received in supposed returns, meant establishing victims' losses was complex. And this led to the FCA reaching out to victims and working with the relevant banking providers to establish each victim's actual loss. It is only because of this widespread formal undertaking that victims' actual losses are being established. And this was required for it to be known what amount each victim will receive because of a disbursement under the confiscation and compensation order and what amount might, therefore, be reimbursed under the CRM Code.

We were notified in September 2024 that this process had been completed for Mr G and his losses confirmed as £10,000. Whilst I appreciate that this is the loss Mr G had always reported, I'm not persuaded – given the complexities here – that it was unfair for Santander to await confirmation of that. Although the amount claimed turned out to be correct, that wasn't known at time of the claim, and it wouldn't be fair or reasonable for a business to pay more than is required.

I have thought about whether it would have been fair for Santander to reimburse Mr G's losses as soon as they had been confirmed. However, at that time the confiscation and compensation order were imminently to come before the court. Given that it was known there were frozen assets that could be realised for disbursement to victims, I'm not persuaded it was unfair for that process to take place before Santander made any reimbursement; any amount Mr G would be awarded through that process would reduce the amount Santander would need to reimburse under the CRM Code.

It is possible that Santander could have taken an assignment of any rights that Mr G had to any funds disbursed as a result of the compensation order. That *might* have resulted in Mr G receiving reimbursement sooner, and after his losses had been confirmed. However, that is far from certain given an assignment of rights will invariably involve legal considerations and may have even required legal advice for either of the parties. Given that, and the closeness in time between losses being confirmed and the court process being finalised, I'm not persuaded it was unfair or unreasonable for any reimbursement under the CRM Code to be contingent on knowing what amount would be disbursed under the legal process.

So, Santander, despite any failings in not adhering to the provisions of the CRM Code, were not – and are still not – in a position to reimburse Mr G. Once Mr G receives any funds through that legal process, the amount Santander will need to reimburse will be known. And Santander has advised it will seek to refund Mr G for that remaining loss under the CRM Code.

It's for the same reasons that I am not in a position to make a formal direction to Santander for it to reimburse Mr G his loss with a definitive sum – as the actual amount of loss that it will need to reimburse still isn't currently known. Given the external factors at play, the only determination or award I can reasonably make is that Santander reimburse Mr G his

remaining loss once the disbursement process has been completed, and what he is due under the CRM Code is known.

Our power to award interest comes from s229(8) of the Financial Services and Markets Act 2000. DISP 3.7 explains the types of awards (and directions) we may make. The power is a discretionary one and we decide cases on a fair and reasonable basis.

Here I've decided that it wouldn't be fair and reasonable to make an award for compensatory interest given the complex nature of these events. And until the disbursement process is completed where Mr G will receive a percentage of his loss back, his loss to Santander still isn't known. So, I don't think it would be fair or reasonable to award or direct Santander to pay Mr G additional compensatory interest when this process lay outside of its control – that is, it is not due to any *failings* by Santander that he hasn't received reimbursement sooner.

I do appreciate that there may be some victims who have already received a refund from other banking providers. So, again, I can empathise with Mr G who is clearly frustrated at the length of time things are taking and is doing his utmost to ensure his funds are reimbursed. I can't comment on why a firm took any action it did. I can only consider the complaint before me. And for the reasons I have given above, in the circumstances of this complaint, I consider it fair that Santander reimburse Mr G his remaining loss once the disbursement process has been completed, and what he is due under the CRM Code is known.

Should Mr G, after the disbursement process is completed, have any questions about the amount provided to him under this process, then he can contact the FCA on the contact details it has provided victims for this.

And should Mr G, after Santander has refunded the remaining loss owed to him under the CRM Code, have a concern about the amount paid or the length of time it took Santander to action the refund after the disbursement process has been completed, then he can revert back to Santander in the first instance. And if unhappy, then he can refer the matter to our service.

In summary, I fully empathise with the situation Mr G finds himself in. It has been an extremely lengthy and frustrating process for him, and he is doing all he can to try and get his money back. But for the reasons explained while I accept Santander could have accepted Mr G's fraud claim sooner than it did, I am satisfied that it wasn't in a position to reimburse Mr G as the amount due wasn't, and still isn't, known. And I don't consider it would be fair or reasonable to award or direct Santander to pay Mr G any additional compensatory interest as a result.

Putting things right

I partially uphold this complaint. I therefore consider Santander UK Plc should:

- reimburse Mr G his remaining loss, once the disbursement process has been completed.
- it should do so within 28 days of knowing what it is required to reimburse Mr G.
- if Santander UK Plc does not reimburse Mr G within the 28-days of knowing what it is required to reimburse, then it should pay 8% simple interest per annum on the amount it was required to reimburse Mr G from day 29 until the date of settlement.

My final decision

For the reasons given above, I partially uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 30 July 2025.

Matthew Horner
Ombudsman