

The complaint

Mr and Mrs R has complained that Santander UK Plc (“Santander”) failed to protect them from an investment scam, and hasn’t refunded the money they lost in the scam.

What happened

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

Mr and Mrs R have used a professional representative to refer their complaint to this service. For the purposes of my decision, I’ll refer directly to Mr and Mrs R, but I’d like to reassure Mr and Mrs R and their representative that I’ve considered everything all parties have said.

Mr and Mrs R have explained that they were contacted in October 2017 with the opportunity to take part in an unregulated investment opportunity in a company that I’ll call “H”. They say they’d used the services of H in 2016 to trade in foreign exchange, so the contact was not completely unsolicited.

Mr and Mrs R say they were persuaded to take part in the investment and made an international payment to H for £25,000 using online banking. They say the terms of the investment stipulated that they’d receive a refund of their initial capital after 12 months, plus 5% interest per month.

Mr and Mrs R explain that H fell behind on interest payments to investors in 2017 and stopped making all payments in 2018. H was then forced into compulsory liquidation in 2019.

As a result of the financial issues faced by H, and the fact that they now believe it was a scam, Mr and Mrs R didn’t ever receive any interest payments from H, nor have they had their capital returned to them.

Mr and Mrs R explain that when they realised they hadn’t received any interest payments they queried this with H and they were told that as the investment was designed to run for several years, returns were reinvested into the platform to create a larger investment. They say that as time passed they queried this again and they were given various other excuses, such as the global financial crisis and the pandemic.

Mr and Mrs R say they concluded the investment was in fact a scam when the liquidation process of H concluded and they still hadn’t received any interest or had a return of their initial capital.

Mr and Mrs R made a complaint to Santander on the basis that it failed to warn them that they could be falling victim to a scam when they made the payment to H. Santander didn’t uphold the complaint, and in its response it said the matter was a civil dispute between Mr and Mrs R and H. It urged Mr and Mrs R to contact H directly or report the matter to the police.

Mr and Mrs R remained unhappy so they referred the complaint to this service.

Our investigator considered everything and didn't think the complaint should be upheld. He explained that he didn't think the payment Mr and Mrs R made was sufficiently out-of-character for Santander to have intervened before it was made.

As Mr and Mrs R didn't accept the investigator's opinion, the case has been passed to me to make a 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.

I'm sorry to disappoint Mr and Mrs R but having considered everything I'm afraid I'm not upholding their complaint, broadly for the same reasons as our investigator, which I've set out below.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's not in question whether Mr and Mrs R authorised the payment from leaving their account. It's accepted by all parties that Mr and Mrs R gave the instruction to Santander and Santander made the payment in line with the instruction, and in line with the terms and conditions of Mr and Mrs R's account.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from their customers are firstly genuine, and secondly won't result in harm.

After carefully reviewing everything, I don't think it was unreasonable that Santander didn't intervene before the £25,000 payment was made.

The £25,000 payment, although for a substantial value, was a one-off transaction. It didn't follow a pattern of smaller or repeated payments, which can often suggest a scam. It's also common for funds used in scams to credit the account shortly before being passed on to the scammer, often completely depleting the account balance. In this case Mr and Mrs R had had a healthy balance in their account for some time before the payment was made, and even afterwards, their balance remained over £43,000. So with this in mind I'm satisfied that Santander didn't have reason to believe this particular payment was unusual or suspicious based on the broader context of Mr and Mrs R's account activity.

Santander has provided information to show that the payment was authenticated by Mr R using a one-time passcode (OTP). This step is specifically designed to confirm that the account holder has authorised the transaction and provides a strong indication to the bank that the payment is legitimate. By completing this security process, Mr R signalled to Santander that he was confident in proceeding with the transaction. Although I understand this didn't prevent them from making the payment under what they now know to be false pretences, it does satisfy me that Santander was aware of the activity on Mr and Mrs R's account, and that it took steps to ensure it was correctly authorised.

It's also important to note that Mr and Mrs R had made a larger payment of £60,000 in July 2017, which was unrelated to this scam. Although I agree this doesn't mean high value payments shouldn't ever be flagged by Santander's fraud detection processes, I think it's reasonable from Santander's perspective that this demonstrated that high-value payments

weren't completely out of character for them. The £25,000 payment wouldn't have stood out as unusual or alarming in the context of their previous account activity.

I've seen Mr and Mrs R's representative's comment that the fact the payment was made internationally adds additional risk to it. Whilst international payments can sometimes involve higher risks, they're a routine part of banking, particularly for customers who may be investing or conducting business abroad. With the above in mind, and without any other specific red flags, I'm not persuaded that there was any reason for Santander to view this payment as inherently more suspicious than a domestic one.

Overall, although I acknowledge the concerns raised by Mr and Mrs R's representative about the nature of the payment, I don't think Santander missed an opportunity to intervene before it was sent. There was no indication at the time that Mr and Mrs R were at risk of fraud, and the payment followed Santander's security process without being flagged for additional checks, which I agree was reasonable in the circumstances. While it's unfortunate the payment turned out to be part of a scam, I haven't concluded that Santander acted unreasonably.

I'm very sorry that Mr and Mrs R have fallen victim to this scam and I do understand that my decision will be disappointing. But for the reasons I've set out above, I don't hold Santander responsible for that.

My final decision

I don't uphold Mr and Mrs R's complaint against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs R to accept or reject my decision before 3 February 2025.

Sam Wade
Ombudsman