

Complaint

Mr M is unhappy that Santander UK Plc didn't reimburse him after he reported falling victim to a scam.

Background

Mr M wanted to support members of his family who were seeking to relocate to the UK on work visas. To assist them, he made payments to three different companies that he believed would help facilitate this process. Two of the companies offered services that appeared to include visa arrangements, accommodation, and training for the associated employment. The third company was a training provider.

He used his Santander account to make the following payments:

- £11,000 to Company A on 6 June 2023
- £4,000 to Company B on 24 August 2023
- £1 and £5,000 to Company C on 1 September 2023

Mr M says that the training provider failed to deliver the training package it had promised, and he believes this was a scam. He also says that the other two companies ceased contact with him after he had made the payments.

Once he determined that he'd fallen victim to a scam, he notified Santander. It declined to refund him. Mr M wasn't happy with that and so he referred his complaint to this service. An Investigator looked into things, but didn't uphold the complaint. Mr M disagreed with the Investigator's findings, so the complaint has now been passed to me to make a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account. However, that is not the end of the matter. At the time of the payments, Santander was a signatory to the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code). The CRM Code sets out expectations for firms to reimburse customers who fall victim to authorised push payment (APP) scams, except in certain circumstances.

Good industry practice also required that it be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to protect their customer. That

might be as simple as providing a written warning as part of the payment process or it might extend to making contact with the customer to establish the circumstances surrounding the payment.

Under the CRM Code, a firm may decline to reimburse a customer if it can establish that:

- The customer ignored an effective warning in relation to the payment; or
- The customer made the payment without a reasonable basis for believing that:
 - o the payee was the person they intended to pay;
 - o the payment was for genuine goods or services; and/or
 - o the person or business they were dealing with was legitimate.

I have considered whether these exceptions apply in Mr M's case.

Mr M was given warnings in connection with the payments he made. For the first payment, there was a reasonably detailed telephone conversation with a bank employee, during which Mr M said he was purchasing building materials for a housebuilding project overseas. Based on that information, the employee attempted to warn him about the general prevalence of scams and the types of scams that might be relevant. However, Santander's ability to protect Mr M was limited by the fact that he had provided misleading information about the purpose of the payment. The bank's warning was tailored to the information Mr M gave, and so it could not address the actual risk he was facing.

For the later payments, Mr M was shown system-generated warnings based on the payment reasons he volunteered. Again, those reasons were not accurate, and so the warnings were not effective in addressing the real risk. While the warnings did not meet the CRM Code's definition of "effective" in terms of content, I am mindful that the Code also requires consideration of whether compliance with the relevant standard would have had a material effect on preventing the scam. In this case, I don't find that there was a failing on Santander's part. The only reason the warnings were not relevant was because Mr M had submitted inaccurate information. Santander acted in line with the information it was given, and I am not persuaded that it could reasonably have done more.

I have also considered whether Mr M had a reasonable basis for believing that he was paying for a legitimate service. On balance, I do not think he did. He has said that the companies he dealt with instructed him to provide false information to Santander about the purpose of the payments. He told the bank when attempting the first payment that he was purchasing construction materials for a house. He later said he was buying a car. These were not vague or casual remarks. He gave a relatively detailed explanation to support the cover stories. Significantly, the bank employee did not simply accept his explanation at face value. The employee probed his answers and asked further questions. Despite this, Mr M did not disclose the true nature of the payments.

He has not provided any particular explanation as to why he thought it was not concerning that he was being asked to lie, or why he believed that such behaviour was consistent with dealing with a legitimate business. In my view, the fact that the companies encouraged Mr M to lie to his bank should have raised serious concerns about their legitimacy. It is not typical or reasonable to expect that a legitimate business would require a customer to do so.

Mr M has not been able to provide much direct evidence of his interactions with the companies, so it is difficult to assess how persuasive or convincing they may have been. For

me to conclude that it was reasonable for him to follow their instructions (even to the point of misleading the bank) I would need to see compelling evidence. That evidence is no longer available, and this makes it harder to accept that his actions were based on a reasonable belief.

For completeness, I've also considered whether Santander did everything I'd have expected outside of the requirements of the CRM Code. As I set out above, it was expected to be on the lookout for payments that presented a fraud risk and to respond to that risk in a proportionate manner. I think it did that here when Mr M made the first payment and its efforts were hampered by the misleading answers he gave to its questions. It didn't carry out a person-led intervention on the later payments, but I don't think it would've made a difference either way. On the balance of probabilities, I think it's more likely than not Mr M would've given misleading answers to the bank regarding those payments too if it had asked. In other words, while I can see that Santander could have done more, I don't think any potential failure on its part to do so was the cause of Mr M's losses.

I have also considered whether Santander took appropriate steps to try to recover the funds once Mr M reported the issue. The evidence shows that Santander notified the recipient banks promptly after becoming aware of the alleged scam. However, despite these efforts, the bank was not successful in recovering any of the money.

I want to be clear that none of this is said to downplay the impact this situation has had on Mr M. I don't doubt that this has been deeply distressing for him. However, my role is to assess what Santander did and whether its decision not to reimburse Mr M was reasonable in the circumstances. While I sympathise with his position, I do not find that the bank has acted unfairly. For that reason, I cannot uphold the complaint.

Final decision

For the reasons I've explained 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 25 September 2025.

James Kimmitt
Ombudsman