

Complaint

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

Background

In September 2018, Mr R fell victim to an investment scam. He made two payments totalling £20,000 to a company referred to here as Company A. Mr R was led to believe that Company A had developed an algorithm capable of accurately predicting the outcomes of sporting events, and he expected to earn annual returns of 12% on his investment. Mr R was happy to proceed and so made two payments: one for £4,500 and another for £15,500.

Initially, Mr R received monthly returns that slightly exceeded the promised rate. These payments continued until early 2020, when they abruptly stopped. Mr R explained that after making the payments, he received returns for about a year until the COVID-19 pandemic began and the football season was suspended. He said that during this time, the scammer contacted investors to ask how they wished to proceed. The consensus was to wait until competitive football resumed. However, by the time that happened, the scammer had disappeared with the invested funds.

Mr R did not notify the bank until late 2022. It declined to refund him. It said that the payments were not unusual or out of character for his account and so it wouldn't have had cause to intervene in connection with either of them. Mr R wasn't happy with that response and so he referred the complaint to this service. An Investigator reviewed the case but did not uphold it. Mr R disagreed with the outcome, and the case was subsequently passed to me for 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.

Under the Payment Services Regulations 2017 and the terms and conditions of Mr R's account, Santander was generally expected to process payments that Mr R authorised. It is not in dispute that Mr R authorised the two payments in question, and so he is presumed liable for them in the first instance. However, that is not the end of the matter. In line with good industry practice, Santander was expected to monitor for account activity that was unusual or out of character, particularly where it might indicate a risk of fraud. Where such activity was identified, I would expect the bank to take reasonable steps to protect its customer. This could include providing a clear warning during the payment process or contacting the customer directly to understand the circumstances surrounding the transaction.

I think the second payment (for £15,500) was sufficiently out of character that it ought to have prompted Santander to intervene. In my view, the bank shouldn't have processed that payment without first contacting him to ensure he was not at risk of financial harm due to fraud. It is unclear whether it did. The payment took place several years ago and so, if an

intervention did take place, contemporaneous evidence to show what steps were taken is no longer available.

On the face of it, that means the evidence suggests a failing on Santander's part. However, that alone does not mean Mr R is entitled to a refund. I must also be satisfied that any failing on the bank's part caused his loss. That is, if Santander had intervened as I would have expected, would it have prevented the loss? If Mr R would've proceeded with the payment regardless, then I cannot reasonably conclude that the bank's inaction caused the loss.

Having considered the evidence, I am not persuaded that Santander would've been concerned about fraud risk after discussing the payments with him. The investment was novel and non-mainstream and so, from the bank's perspective, likely carried significantly greater investment risk. However, there was no general expectation on Santander to warn Mr R against making a risky investment decision.

At the time he made these payments, there was no information in the public domain to suggest the investment was fraudulent. In fact, it is significant that the true nature of the investment only came to light following extensive investigations carried out by the liquidators of the company involved. If it took that level of scrutiny to uncover the fraud, it seems unlikely that Santander could have identified it during a routine phone call with Mr R.

I don't say any of this to downplay the significance of what has happened to Mr R. I have a great deal of sympathy for him and the position he's found himself in. Nonetheless, my role is to look at the actions and inactions of the bank. Having done so, I'm not persuaded that any failing on its part was the cause of his losses.

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 R to accept or reject my decision before 26 September 2025.

James Kimmitt
Ombudsman