

The complaint

Mr L, who is represented, complains that Santander UK Plc won't reimburse a loss he suffered from fraud.

What happened

As the circumstances of this complaint are well-known to both parties, I have summarised them briefly below.

In or around June 2018, Mr L was persuaded to invest in a sports gambling venture with a company I will refer to as Business B. Between 28 June and 19 September 2018, Mr L made five payments from his Santander account toward that investment.

Mr L did initially receive the returns promised on his investment. But eventually, these payments ceased, and Business B entered into administration. Mr L later discovered that Business B was likely operating a fraudulent scheme, so he raised a claim against Santander via his representative.

Santander considered Mr L's claim, but it didn't find it was liable for his loss. It concluded that it had processed the payments in line with Mr L's instruction and had carried out sufficient security checks.

Mr L remained unhappy, so his representative referred his complaint to our service for an independent review.

An Investigator considered the evidence provided but didn't recommend the complaint be upheld. In summary, they found that regardless of whether Santander intervened in the payment or not, it wouldn't have been able to identify a fraud and likely couldn't have prevented Mr L from continuing with the payments.

Mr L's representative disagreed with that assessment. So the matter has now 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.

There is no dispute here that Mr L authorised the transactions in question. And the starting position in law is that Mr L will be held liable for transactions he authorised in the first instance. That is due to Santander's primary obligation to process payments in line with its customer's instructions, as set out in the Payment Services Regulations 2017.

However, taking into account the above, Santander ought reasonably to have been on the lookout for any transactions that would indicate Mr L was at risk of financial harm. And where it identifies a risk, it ought reasonably to intervene and provide warnings.

The payments subject to this dispute were substantial in value and ought to have triggered proportionate interventions by Santander. However, I am in agreement with the Investigator's assessment that any intervention or warning provided by Santander likely wouldn't have prevented Mr L's loss in this case.

At the time of making the payments, much of what we now know about Business B wasn't apparent. It was a legitimately registered business with little in terms of negative reviews or suspicious operation. In fact, Business B was paying returns to investors as promised and was being recommended.

It was only when the business was being wound up that the fraudulent nature of its operation was uncovered. The Liquidator's report revealed that Business B was likely misrepresenting the unique product it was offering and had paid a vast sum of capital it had raised through investments to introducers—signalling a potential Ponzi scheme.

Prior to these findings, Business B gave the overall impression of a legitimate business enterprise. It did not carry the typical hallmarks associated with investment frauds and therefore disguised itself well when seeking funds.

This unfortunately meant there was little Mr L or Santander could have done to identify the fraud and prevent it. Had Santander probed the purpose of the payment, I find it unlikely it would have held concerns. And had it presented Mr L with warnings about the common features of such frauds, this more than likely would not have resonated with Mr L or prevented him from continuing with payments.

Mr L's representative has argued that had Santander informed Mr L that the firm was not regulated by the Financial Conduct Authority ('FCA') then he likely wouldn't have proceeded with that investment. I don't find that to be a particularly persuasive argument here. A firm is not required to be authorised by the FCA to seek investment in its business or product if it targets specific individuals. Furthermore, a lack of regulation is not always an indication of fraudulent intent.

In circumstances where Santander would not have been able to prevent a customer from being defrauded, it can't reasonably be held liable for their loss. I therefore find that Santander has made no error in declining to reimburse Mr L.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 12 December 2025.

Stephen Westlake
Ombudsman