

The complaint

Mr J complains that Santander UK Plc ("Santander") have failed to refund the money he lost as part of a scam.

What happened

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In summary though, Mr J was introduced to a company that I will call B by a former work colleague. B purported to be a crypto trading firm.

Mr J sent funds totalling over £14,000 via transfer and card payment to various crypto exchanges. The funds were converted into crypto and were sent on to B. Over 30 payments were made between September and November 2023.

When Mr J attempted to withdraw the 'profit' that he could see on B's 'Platform', he was unable to. At this point Mr J realised that he had been scammed.

Mr J asked Santander to refund these payments, as he believes Santander should have done more to prevent him from being scammed. Santander did not agree with this.

One of our investigators looked into this matter and he thought that Santander did not need to intervene given the size and pattern of the payments.

Mr J did not agree with this and therefore his complaint has been passed to me to issue 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.

Having done so, I agree with the conclusions reached by the investigator for the following reasons.

It isn't in dispute that Mr J authorised the disputed payments he made from his Santander account. The payments were requested by him using his legitimate security credentials provided by Santander. And the starting position is that Santander ought to follow the instructions given by their customers, in order for legitimate payments to be made as instructed.

However, I've considered whether Santander should have done more to prevent Mr J from falling victim to the scam, as there are some situations in which it should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character.

In this instance, the transactions were not in isolation large enough, and the pattern of spending was not enough, in my view, to be considered unusual or sufficiently out of character to have prompted an intervention from Santander. I note that multiple payments were made on the same day. But their size was not enough to indicate a scam and by the time larger payments were made (with the largest being £2,600), Mr J had a history of making payments to crypto exchanges. So the payment would not have seemed out of character for his account. So I don't think that Santander needed to intervene during the scam.

I note Mr J's representatives' comments that Santander had limits in place for sending funds to crypto exchanges and the £2,600 payment broke this limit. The investigator said that Mr J would have likely broken up the payment into smaller payments, if the above payment was stopped. Mr J's representative says that this would not have worked, as there was a rolling 30-day limit of £3,000 - regardless of the size of individual payments. But importantly, this limit does not extend to card payments. So even had this limit been enforced, I think that Mr J would have sent the funds via card payment, as he did later in the scam. So I don't think that Santander failing to enforce its own limits caused Mr J an actual loss.

So overall and taking everything into consideration, I don't think that Santander could have stopped the scam.

I've also thought about whether Santander could have done more to recover the funds after Mr J reported the fraud.

Santander are under no obligation to refund the money to Mr J under the Contingent Reimbursement Model (CRM) Code as it doesn't cover transfers which the payer has effectively made to themselves. In relation to the card payments, I don't think that a chargeback would have been successful, as the payments were essentially a means to move funds into a crypto account and as this is what happened, I don't think that there would be grounds for a chargeback.

I appreciate this will come as a disappointment to Mr J, and I'm sorry to hear he has been the victim of a scam. However, I'm not persuaded that Santander can fairly or reasonably be held liable for the losses that he said he incurred in these circumstances.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 14 March 2025.

Charlie Newton
Ombudsman