

The complaint

Mr P complains about Santander UK Plc.

He would like Santander to refund him his remaining losses from a scam he fell victim to in 2021.

What happened

The details of what happened here are well-known to all parties, so I won't repeat them in detail here.

In summary, Mr P had invested in a company I will refer to as G'. In 2020, G began filing for bankruptcy, and Mr P's investment and associated growth were lost.

In around August 2021, Mr P was contacted by letter, which explained that there may be a way of getting his money back, supposedly from G.

Mr P called the number on the letter, and it was explained to him that it would be possible to retrieve his funds – and that this would be handled by a separate company called 'M'.

After this, Mr P received letters and emails from M in relation to the matter, with occasional speaking on the phone, and provided with details explanations of what needed to be done to recover his money.

Mr P sent 27 faster payments to M between August 2021 and October 2021, totalling £1,689 and £6,350. He was assured that his funds would be returned to him.

Santander put restrictions on Mr P's account in November 2021, and the scam was uncovered. Santander then reviewed the scam under the Lending Standards Board Contingent Reimbursement Model (CRM) code. It refunded £60,969.50 (50% of Mr P's loss) on 15 December 2021 and also managed to recover some of the funds from the recipient account - £1,290.72 and £3,647. This left Mr P with a remaining loss of £56,031.78.

Mr P didn't raise a complaint about what had happened at the time, but in 2024, he raised one with Santander. He said that Santander should have done more to protect him from the scam as he was vulnerable at the time.

Santander considered the complaint but declined to do any more. So, Mr P brought his complaint to this Service.

Our Investigator looked into what happened and thought that it should be upheld. They explained that they considered Mr P vulnerable under the CRM code – and as such he was entitled to a full refund. For completeness, they also said that Mr P had a reasonable basis for believing what he had been told, and that Santander should refund Mr P his remaining loss.

Santander disagreed. It said that while it understood that Mr P was going through a hard time, it didn't agree that he was vulnerable. It also said that it didn't believe that Mr P had a reasonable basis for belief – and so the refund it had already provided him was correct.

As no agreement was reached, the complaint has been passed to me to make a final 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 have decided to uphold this complaint. I will explain why.

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; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. There's no dispute here that Mr P authorised the payments.

However, where a customer makes a payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment. When thinking about what is fair and reasonable in this case, I've considered whether Santander should reimburse Mr P in line with the provisions of the Lending Standards Board Contingent Reimbursement Model (the CRM Code) it has signed up to.

Under the CRM Code the starting principle is that a firm should reimburse a customer who is the victim of an APP scam, like Mr P. The circumstances where a firm may choose not to reimburse are limited and it is for the firm to establish those exceptions apply. R2(1) of the Code outlines those exceptions. I haven't outlined them here as they are not relevant in this particular case.

Vulnerability under the CRM Code

Section R2(3) of The Code also requires firms to assess whether a customer is vulnerable to the APP scam they fell victim to. It says:

'A Customer is vulnerable to APP scams if it would not be reasonable to expect that Customer to have protected themselves, at the time of becoming victim of an APP scam, against that particular APP scam, to the extent of the impact they suffered. This should be assessed on a case-by-case basis'.

The CRM Code also says that in these circumstances, the customer should be reimbursed notwithstanding the provisions in R2(1), and whether or not the firm had previously identified

the customer as vulnerable. As this provision under the CRM Code might lead to a full refund, notwithstanding the provisions in R2(1), this is the starting point for my decision in this particular case.

Santander has said that the Mr P's personal circumstances around the time of the scam

were unfortunate – but do not believe that they have caused him to be vulnerable under the code. But I disagree.

Mr P has kindly shared with this Service what he was going through in the lead up to, and during the scam – and the effects this had on his mental state. Mr P sadly went through a marital breakdown and had to leave the family home, which in itself is obviously a traumatic event – but this was then amplified by the Covid-19 pandemic. At this point, he moved back into the family home to be able to see his children, and during the numerous lockdowns had to live and work within the home, while also separated from his wife who was also living in the same home.

Soon after this, the news that G had gone into bankruptcy hit, with Mr P losing the money he had invested for his future, while also negotiating his divorce and the sale of the marital home. All of these events are of course stressful in their own right, but Mr P was dealing with these issues one after the other, over a prolonged period. And he has explained that he found himself in an incredibly dark place with his mental health.

The scam that Mr P fell victim to was very specific to his circumstances, and presented an opportunity recoup the money he had lost – providing him with the chance to start building a new life.

I do not think it would be reasonable to have expected Mr P to protect himself from becoming the victim of this particular scam in his circumstances. As a result, I find Mr P was vulnerable to this particular APP scam and I think Santander should have identified that when it considered his claim under the CRM Code.

I know that in its response to our Investigators view Santander has said that it doesn't believe that Mr P had a reasonable basis for belief that the scam was genuine – and has raised a number of arguments to support its reasoning.

However, the CRM Code is clear that if a customer meets the definition of vulnerability set out under the CRM Code that exceptions to reimbursement (such as reasonable basis for belief, ignoring effective warnings and gross negligence) do not apply.

So, I haven't gone on to consider whether any of the exceptions under the CRM Code would have (otherwise) applied in this case.

Putting things right

Santander UK Plc should refund Mr P his remaining losses in full and pay him 8% simple interest from the date it first rejected his claim under the CRM Code (less any lawfully deductible tax).

My final decision

I uphold this complaint. Santander UK Plc should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 9 July 2025.

Claire Pugh
Ombudsman