

The complaint

Mrs K complains that Santander UK Plc ("Santander") won't refund a payment she made as part of a scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat it in detail here. But in summary, I understand it to be as follows.

Mrs K became aware of an investment opportunity in a property development company who were offering loan notes to investors to raise funds for its projects. This company is further referred to as 'Company A'.

Company A would sell and rent its assets to consumers, which would generate income which would pay back investors' principal sum and interest.

Mrs K reviewed the information and documentation she received from Company A and, satisfied with what she'd seen, made a payment of £70,000 to Company A in May 2019. In 2024, Mrs K raised a formal complaint with Santander and requested a refund of her payment as she believed she was the victim of a scam.

Santander investigated the matter but deemed it to be a civil dispute. In their final response letter to Mrs K, Santander explained that the payment was made to a legitimate business and there wasn't enough information to show that Company A had any intention of scamming her.

Unhappy with this response, Mrs K referred her complaint to our service through a professional representative.

An investigator looked into Mrs K's complaint but didn't uphold it. The investigator said that they didn't think there was sufficient evidence to demonstrate Mrs K had fallen victim to a scam and Santander weren't liable to refund her.

Mrs K and their representative disagreed with the investigator's findings.

As the complaint couldn't be resolved by the investigator it has been passed to me for 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.

Mrs K has provided detailed submissions to our service in relation to this complaint. In keeping with our role as an informal dispute resolution service, I will focus here on the points I find to be material to the outcome of Mrs K's complaint. This is not meant to be a

discourtesy to Mrs K and I want to assure her I have considered everything she's submitted carefully.

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 be good industry practice at the time.

In broad terms, the starting position at law is that a bank such as Santander is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

Santander are a signatory of the Contingent Reimbursement Model (CRM) Code which requires firms to reimburse customers who have been the victims of APP scams in all but a limited number of circumstances.

The relevant part of the CRM Code definition of an APP scam requires that the payment was made to: *"another person for what they believed were legitimate purposes but which were in fact fraudulent."*

The Code also explains that it does not apply to *'private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier'*.

In order to reach my decision on this complaint, I've considered the purpose for which Mrs K made, and Company A received, her payment. And, if there is a significant difference in these purposes, whether I can be satisfied that this difference was as a result of dishonest deception.

It's clear that Mrs K made the payment as part of a property investment. So, I've gone on to consider what purpose Company A had in mind and whether that was in line with the purpose Mrs K made the payment.

In reaching an answer on what purpose Company A had in mind, the key information I've considered is as follows:

- Company A had completed three large property developments prior to Mrs K's investment. This shows that Company A were genuinely and legitimately operating for some time prior to the payment in question. The evidence provided by Mrs K also shows numerous other properties and developments Company A owned at the time they appeared to have entered financial difficulty. This leads me to believe that Company A were operating legitimately at the time of the payment.
- Many of the allegations made by Mrs K relate to Company A not using their funds in line with their intended purpose and that Company A were operating a Ponzi scheme. I've not seen evidence from the administrators of Company A which suggests they were operating a Ponzi scheme. Furthermore, and importantly, the evidence provided by Mrs K doesn't sufficiently demonstrate that the payment was used by Company A for reasons other than the agreed purpose.
- Company A may have made some misrepresentations about the investment and failed to disclose the commission rates being paid to introducers, but this doesn't mean their actions meet the CRM Code's definition of an APP scam. Instead, it could be that they were simply exhibiting poor business practices and maintained the

intention of paying out on the investments.

Allegations have been made by Mrs K that the directors of Company A, and other linked individuals, deliberately set out to defraud investors and unjustly enrich themselves. To date, Mrs K hasn't provided evidence to satisfy me that this is the case.

I have every sympathy for Mrs K as she has lost a substantial amount of money. But, many businesses and investments fail and enter administration for genuine reasons, and not because they were set up to defraud and scam people. I believe that to be the case in this instance.

Ultimately, Mrs K made a payment towards a property investment and the evidence presented to our service doesn't sufficiently demonstrate that Company A didn't have the intention of carrying out and completing the investment. Because of this, I'm not satisfied that Mrs K's claim meets the CRM Code's definition of an APP scam.

Lastly, I've considered whether Santander could've done any more at the time of the payment in order to prevent Mrs K's loss.

Unfortunately, due to the length of time that has passed, Santander are unable to provide me a copy of the call in which Mrs K's payment was made. This means I'm unable to confirm whether Santander asked appropriate questions in order to identify whether Mrs K was at the risk of financial harm.

But, even if Santander had asked relevant questions, I don't think the answers Mrs K would've given to any questions asked by Santander would've suggested that she might be at risk of financial harm. This is based on the information available about Company A at the time of the payment. So, I can't fairly say Santander could've prevented Mrs K's loss.

Overall, I'm not persuaded that Mrs K has fallen victim to an APP scam, based on the evidence available. Should any material new evidence come to light at a later date, for example from the police or the administrators, Mrs K can ask Santander to reconsider her claim.

I appreciate this will be disappointing to Mrs K, given the impact this situation has had on her, but I'm unable to say that Santander are liable to reimburse her loss.

My final decision

My final decision is that I don't uphold this complaint against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 10 July 2025.

Billy Wyatt
Ombudsman