

The complaint

Mrs F complains that Santander UK Plc will not refund the money she says she lost to a scam.

What happened

Mrs F was introduced to an investment opportunity with a company which I'll call 'M' by her financial adviser. She understood that she was investing in 'loan notes' which were backed by physical property, and expected to receive returns of around 10%. Mrs F decided to invest and made payments via cheque from her Santander account to M in May and October 2019.

Mrs F says she later discovered that the property she believed she was investing in did not exist, and so reported the payments to Santander as a scam. Santander looked into what had happened, but felt that this was most likely a failed investment, rather than a scam, so it declined to refund Mrs F's loss. Mrs F was unhappy with Santander's response, as a result, she referred the complaint to our service.

Our Investigator looked into the complaint, but having done so they did not think Santander had failed in its obligations to Mrs F. So, they did not recommend that Santander refund the loss.

Mrs F disagreed with the findings. As an informal agreement could not be reached the complaint has been passed to me for 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.

It isn't in dispute that Mrs F authorised the payments in question. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that she is liable for the transactions. But she says that she has been the victim of an authorised push payment (APP) scam.

Santander has signed up to the voluntary CRM Code, which provides additional protection to scam victims. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances). But these payments were made by cheque, and cheque payments are not covered by the Code. So, in the circumstances of this complaint the CRM Code does not apply.

Because of this, Mrs F is not automatically entitled to a refund. But the regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams.

Taking the above into consideration, I need to decide whether Santander acted fairly and reasonably in its dealings with Mrs F, or whether it should have done more than it did.

Based on the evidence available to me, it appears Mrs F was intending for the funds to be invested in 'loan notes' relating to building projects. She then expected to receive returns on the maturity of her investment. The paperwork Mrs F has provided regarding the investment appears professional, and I can see M was on Companies House and was submitting accounts up until 2020. I also can't see that there were any clear signs, that were publicly available at the time Mrs F made these payments, to suggest that M was operating a scam.

So, given that M appeared to be a legitimate company involved in building projects, and had been recommended by a financial adviser known to Mrs F, I see no reason why Mrs F would not have thought this was a legitimate investment at the time she made the payments. And so, if Santander had challenged her about what she was making these payments for, I do not think it likely, based on the information available at that time, and what Mrs F would have told it, that Santander would have identified any concerns that Mrs F could be the victim of a scam. I therefore don't think it is reasonable to say that Santander could have prevented Mrs F's loss here. It follows that I won't be asking Santander to refund that loss to her.

I appreciate what Mrs F's representatives have said about her vulnerabilities, and that this means Santander should have taken more robust action to protect her from scams. But as I have explained, I cannot see that any reasonable intervention would have identified that Mrs F was at risk of a scam when making these payments. There were no clear red flags at that time to suggest that M was a scam.

I know that Mrs F has lost a very significant amount of money here, and I have great sympathy for the situation she has found herself in. But I've not seen anything to make me think it would be reasonable to hold Santander liable for that loss.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 11 September 2025.

Sophie Mitchell
Ombudsman