

The complaint

Mr S says Santander UK Plc ('Santander'), didn't do enough to help when he fell victim to an authorised push payment ('APP') investment scam. He says Santander should reimburse him the money he lost.

Mr S has brought the complaint with the assistance of a professional representative. For ease of reading throughout this decision I will refer solely to Mr S.

What happened

As both parties are familiar with the circumstances of this complaint, I've summarised them briefly below.

In or around early 2021, Mr S says he was introduced to an investment company which I'll call 'Company C'. Mr S says he was introduced to Company C by a friend and also family members. Mr S says Company C were to give introductory training sessions about setting up accounts, transferring funds to a trading platform and learning to trade on the platform. And Mr S says he would then be able to use Company C's trading platform – to trade on the stock market.

As part of the process Mr S was required to set up and have a cryptocurrency account in his own name. Mr S made payments to the account in his own name and then converted this into cryptocurrency and sent these to what he believed was Company C, that would then enable him to trade using Company C's trading platform. Mr S believed that he was guaranteed to receive funds every month for up to four years.

Mr S says he didn't receive any returns and has explained that there was a year of failed promises with the 'learning platform' and numerous delays.

In or around 2024, with the assistance of a professional representative, Mr S considered he had been the victim of a scam and sought a reimbursement of the funds he had lost from Santander.

Mr S didn't receive a response from Santander, so referred the matter to our service. Our service let Santander know about the complaint, and Santander advised it hadn't received Mr S's complaint. It looked into the matter and ultimately issued a final response in July 2024.

In short, Santander didn't uphold Mr S's complaint. It advised the 'Contingent Reimbursement Model ('CRM') Code wasn't applicable as Mr S made payments to an account in his own name. So, Santander didn't consider it was liable for his loss.

Our Investigator reviewed the matter and didn't recommend the complaint be upheld. The Investigator explained why the CRM Code wasn't applicable in Mr S's case, as the CRM Code requires consumers to pay another person – which meant the transfers Mr S made to the account in his own name weren't covered.

Our Investigator then explained that banks are expected to process payments and withdrawals that its customer authorises it to make. And in this case, it was accepted Mr S had authorised the payments from his Santander account.

They also didn't think Santander ought to have done more to identify the payments as potentially fraudulent in the circumstances. They didn't consider Santander ought to have had a cause for concern that Mr S was potentially at risk of financial harm, or that he was falling victim to a scam to an extent that it ought to have intervened and questioned him further about the payments.

With regards to the recovery of any funds, as the payments Mr S made were converted into cryptocurrency and were moved on, the Investigator considered there wasn't anything further that Santander could do to recover the funds.

As Mr S disagreed with the Investigator's opinion, and as the matter hasn't been resolved, it's 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.

I'm aware that I've summarised this complaint and the responses briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here – which is to determine whether Santander should have done more to prevent Mr S's losses. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Having thought very carefully about Santander's actions, I'm not upholding Mr S's complaint. I do appreciate how disappointing this will be for him. But in weighing everything up, I don't think I can fairly say Santander should reimburse him. I'll explain why.

Before I go on to explain my findings, I want to clarify for Mr S's benefit why the CRM Code isn't applicable in his case and what the relevant law and regulations were at the time.

Why the CRM Code isn't applicable

The CRM Code was implemented to further combat and prevent the increase of fraud. But the CRM Code sets out under 'DS1(2) (a)' the scope of what the CRM Code covers in relation to APP fraud. And that is instances where:

“(i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or

(ii) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.”

As the payments Mr S made from his Santander account went to an account in his own name which he then converted into cryptocurrency and sent on, they aren't covered by or within the scope of the CRM Code. This is because Mr S wasn't paying 'another person' from his Santander account.

The relevant law and regulations in place at the time

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account.

It is agreed by all parties that Mr S made the payments. So, it is the case that Mr S authorised all the payments that are in dispute. And under the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Mr S is responsible for them. That remains the case even though Mr S was the unfortunate victim of a scam.

However, there are times when I might expect a bank to question a transaction or payment, even though it may have been properly authorised. Broadly speaking, firms (like Santander) should fairly and reasonably have been on the lookout for the possibility of fraud in order to protect its customers from the possible risk of financial harm as a result of fraud and scams.

What does this mean for Mr S?

In this case, I need to decide whether Santander acted fairly and reasonably in its dealings with Mr S when he made the transfers, or whether it should have done more than it did.

I've thought about this carefully. Having done so, I can't fairly say any of the payments Mr S made would (or should) have alerted Santander that Mr S was at risk of financial harm, to an extent whereby it should have carried out some additional checks before processing the payments. So, I don't consider Santander are liable for the losses Mr S incurred. I'll explain why.

Mr S initially made three payments of £10, £240 and £750 on 17 May 2021. I have to be mindful that banks process a high volume of transfers and transactions each day. And a bank has to strike a balance as to when it should possibly intervene on a payment against not holding up or delaying its customer's requests. Here I'm mindful that the payments were, on the face of it going to an account in Mr S's name (which in fact they were). And I don't consider there is anything unusual or remarkable about the payments or the amounts that ought to have alerted Santander to the possibility Mr S was being scammed or was at risk of financial harm.

The next payments Mr S made were for £1,000 and £2,500 on 6 June 2021. While I appreciate the amount had increased – I don't think it was sufficient enough to warrant any additional checks from Santander. It was around three weeks after the initial payments and was going to the same account details. Again, I don't think there was anything remarkable about the payments or amounts that would have warranted any intervention from Santander at that time. I don't think there was an indication to Santander at the time that Mr S may be at risk of falling victim to fraud. So, I can't say Santander acted unfairly in not intervening and questioning Mr S about the payments.

Mr S then sent a payment for £5 on 25 November 2021. For the same reasons given above, I don't think Santander acted unfairly in processing the payment request.

I am also mindful that there were always enough funds available for each of the payments he made. Often an indicator that someone is at risk of financial harm or is likely falling victim to a scam is whereby the fraudster(s) attempt to obtain as much money from the victim and as quickly as possible – usually draining or clearing accounts before the scam is revealed. This didn't happen here.

Overall, I don't think there were grounds for Santander to have been suspicious that Mr S may be a victim of fraud when he made the payments to such an extent where I would expect them to intervene and question him further about the payments.

All things considered, I think the fact that Santander didn't flag the payments as suspicious was fair and reasonable in the circumstances, and I can't say Santander acted unfairly here.

I also note that Santander provided Mr S with warnings when he made the payments. Given the amounts of the payments, I consider that was a proportionate response to the risk presented and it didn't need to do more – such as carry out further additional checks on the payments.

Recovery of the funds

Given Mr S sent the funds to an account in his own name – with his money being converted into cryptocurrency and moved on – there wasn't anything further Santander could do to help Mr S recover his funds.

Summary

In summary, while I appreciate Mr S has been the unfortunate victim of a scam, I think Santander's decision not to refund him in this instance was fair and reasonable in the circumstances.

I say this because Santander followed Mr S's instructions to make the payments, and I haven't seen any reason why it shouldn't have done this. Unfortunately, given the funds Mr S transferred to his account were then exchanged into cryptocurrency and moved on, there wasn't anything further Santander could do to help Mr S recover his funds.

So, it wouldn't be fair to hold Santander responsible for refunding Mr S when it couldn't reasonably have been expected to have prevented or recovered his loss.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 July 2025.

Matthew Horner
Ombudsman