

The complaint

Miss P is unhappy that Santander UK Plc (“Santander”) won’t refund her the money she lost to a third-party scam.

What happened

The background to this complaint is set out in the investigator’s view of 8 January 2025 so I won’t repeat it all here. But briefly Miss P fell victim to a purchase scam in February 2024. She saw a horse trailer when searching online and contacted the company (I will refer to as F). She says she viewed their website and spoke to the company over the phone. She paid an initial sum of £2,000 followed by £1,290 for the complete purchase price but the trailer was never delivered and F stopped responding to her emails.

Miss P grew concerned and raised a claim with Santander, but Santander declined her claim as it didn’t think she had a reasonable basis for believing this was a legitimate company or purchase. She’d also confirmed she’d seen the trailer when Santander asked before it processed the payment. Miss P found a third-party representative and brought her complaint to this Service.

Our investigator didn’t uphold the complaint as she didn’t think Miss P had a reasonable basis for believing this was a genuine purchase.

Miss P didn’t agree, so the complaint 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.

Having done so, I agree with the investigator broadly for the same reasons.

When considering what is fair and reasonable, 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 have been good industry practice at the relevant time.

In broad terms, the starting position at law 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 Miss P authorised the payment – albeit she was tricked into making the payment. She thought she was paying for a horse trailer, but this wasn’t the case.

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.

The CRM Code

When thinking about what is fair and reasonable in this case, I've considered whether Santander should have reimbursed Miss P in line with the provisions of the Lending Standards Board's Contingent Reimbursement Model (CRM) Code it was a signatory to at the time the payments were made and whether it ought to have done more to protect Miss P from the possibility of financial harm from fraud.

The CRM Code requires firms to reimburse customers who have been the victims of Authorised Push Payment (APP) scams like this, in all but a limited number of circumstances.

It is for Santander to establish that one or more of the exceptions apply as set out under the CRM Code. The exception relevant to this case is:

- In all the circumstances at the time of the payment, in particular the characteristics of the Customer and the complexity and sophistication of the APP scam, the Customer made the payment without a reasonable basis for believing that: (i) the payee was the person the Customer was expecting to pay; (ii) the payment was for genuine goods or services; and/or (iii) the person or business with whom they transacted was legitimate.

There are further exceptions within the CRM Code, but they do not apply in this case.

The CRM Code also outlines the standards a firm is expected to meet. And it says that when assessing whether the firm has met those standards, consideration must be given to whether compliance with those standards would have had a material effect on preventing the APP scam that took place.

Did Santander meet its obligations under the CRM Code and should it have done anything further to prevent the payments?

The CRM Code says that, where firms identify scam risks, they should provide effective warnings to their customers. They should also be on the lookout for unusual activity. But banks can't reasonably be involved in every transaction. There is a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments.

Santander did ask Miss P about the payment purpose before it processed the payment. Miss P told the bank that she had seen the item in person and was collecting the item in person - both of which weren't true. And it warned her of the risks of paying before receiving the item and to avoid paying by bank transfer.

Having considered when the payments were made, their value and Miss K's responses to the questions Santander put to her, I'm not persuaded Santander ought to have found the payments suspicious, such that it ought to have done anything further before processing them.

So I've gone on to consider whether it's fair for Santander to apply the exclusion under the Code.

Did Miss P have a reasonable basis for belief?

I need to consider not just whether Miss P believed she was paying for a horse trailer but whether it was reasonable for her to do so.

I appreciate Miss P spoke to the seller and viewed a website. I have not been able to view F's website (I accept it's possible it's now been taken down). But Miss P didn't view the trailer in person and was making full payment in advance. Buying an item for over £3,000 without viewing it from a company she had found by searching online, was always a big risk. In those circumstances, I would've expected Miss P to have been more wary.

Taking into account the age and model of the trailer along with it being in 'ok' condition - from what I can see - the price was too good to be true. The sale was agreed through a company - F but Miss P paid an individual. I consider that Miss P ought to have had greater concerns about the deal and that, in turn, ought to have led to a greater degree of scrutiny on her part.

Overall, when I think about everything I've said above holistically, I think there was enough going on here to reasonably have caused Miss P concern and more she might have reasonably done which would have more likely than not revealed this was a scam. For example, a quick search of F on the internet brings up a link to its registration on company's house. This shows F is concerned with recovery of sorted materials and no mention of selling of goods.

Recovery of funds

I've also thought about whether Santander took reasonable steps to recover Miss P's funds once it was made aware she was the victim of a scam. The second payment was made on 16 February 2024, and the scam was reported on 1 March 2024. Santander reached out to the receiving bank immediately but was told no funds remain. This is not unusual as scammers usually remove funds within hours.

I realise my decision will be a significant disappointment to Miss P. I sympathise with her circumstances and I am sorry she has fallen victim to a scam and lost so much money. But I don't think Santander has acted unfairly in declining this claim.

My final decision

My final decision is that I do not uphold this complaint.

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

Kathryn Milne
Ombudsman