

The complaint

Mr P is unhappy with how Santander UK Plc dealt with a claim he made, after he'd fallen victim to an Authorised Push Payment ("APP") scam.

What happened

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

From April 2020 to February 2021, Mr P made three transactions from an account he held with Santander to what he believed to be a genuine investment opportunity – but which turned out to be a scam.

Mr P initially raised the matter with Santander in October 2021, but it declined to refund him as it deemed the matter a civil dispute. Mr P maintained that he had been scammed and continued to raise the matter with Santander. Santander's position remained unchanged until, in October 2023, evidence came to light that the individual Mr P had been dealing with had been charged with a crime.

Following this, Santander reviewed the matter again and agreed to refund Mr P the £25,000 he had lost, along with interest (at the saving account rate applicable to the type of account Mr P held). As well as this, Santander identified poor service in terms of how it had handled Mr P's claim and calls it had with him – in recognition of this it awarded Mr P £500 compensation.

Mr P was unhappy with Santander's response, so he brought his complaint to this service. In summary, he didn't think Santander's offer went far enough. He said;

- Santander hadn't applied adequate interest. In that it should have awarded interest at 8%, rather than at the rate applicable to the account.
- £500 compensation didn't go far enough to compensate him for Santander's failings.

One of our Investigator's looked into things and asked Santander if, to resolve matters for Mr P, it would be willing to consider offering 8% interest and/or increasing the offer of compensation it had made.

Santander responded to say that it was happy to increase the rate of interest it awarded to Mr P, but it maintained that the £500 it had paid Mr P for the trouble and upset was fair and reasonable. Mr P considered Santander's offer, but didn't accept it. In summary he said;

- Santander acknowledged it had made numerous errors, which caused him significant stress, anxiety, and disruption.
- Santander failed to address the claim correctly.

- He had to spend his own time, money and health fighting this, and Santander only investigated matters when he posted on social media.
- By relying on Santander's outcome he sought legal advice and initiated a civil case against the fraudster, which cost over £3,000 in legal fees. This could have been avoided had Santander handled the matter in line with the Contingent Reimbursement Model (CRM Code).
- There are numerous instances of Santander providing inaccurate information and being dismissive.
- The stress of dealing with this situation stifled his ability to pursue opportunities, ultimately affecting his financial stability and future plans.
- He had spent £5,000 on lawyers and had been under significant stress dealing with this and helping other victims. Mr P feels he ought to receive compensation for the length of time/effort it's taken him dealing with Santander.

In light of Mr P's further submissions, our Investigator looked into things again and issued their findings. In summary, it was our Investigator's view that the 8% simple interest Santander agreed to pay was fair and in line with any recommendation the Investigator would have made. Regarding the claim handling, our Investigator felt that, based on what it knew, it wasn't unreasonable for Santander to decline a refund at the time the matter was raised. And while he appreciated Mr P didn't agree, he thought it had been considered in line with the relevant Code. Our Investigator also didn't think it unreasonable for Santander to maintain its position that this was a civil dispute when it initially heard that the fraudster was facing charges.

Our Investigator also considered the service that Mr P had received from Santander and, although he agreed the complaint handling had been poor, he thought the £500 compensation paid in recognition of the overall service was fair. It was also the Investigator's view that Santander shouldn't be liable to refund Mr P the legal fees he had told us about, as Mr P had chosen to pursue that route.

Mr P didn't agree with our Investigator's view. As an agreement couldn't 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.

I'm very aware that I've summarised this complaint 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. 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 a free alternative to the courts.

Having thought about everything carefully, I've come to the same conclusions as our Investigator, and for much the same reasons.

I'll first clarify that Santander has already agreed to refund Mr P all of the money lost from the scam. And Mr P explained that his complaint is about the interest it applied to the refund and the compensation and additional costs he incurred in pursuing matters.

Santander has reconsidered its position regarding the interest and agreed to pay 8% interest on the amount of the loss from the date of the payment to the date of settlement. It therefore appears that this specific point has been agreed by all parties, so I won't consider this any further as part of this decision. So this decision focuses on Mr P's point about the customer service Santander gave and the compensation it awarded for any failings, and also whether I think Santander can fairly be held responsible for the legal fees Mr P has said he incurred.

I can see that this has been a very difficult time for Mr P and I don't underestimate his strength of feeling. I understand that he has invested a lot of time and energy into pursuing this matter, which no doubt would have caused him a great deal of trouble and upset, not least when I can see that other victims also reached out to Mr P for his support. And so having customer service issues on top will naturally have made things worse in an already difficult time.

Santander, by its own admission, has agreed that the service it offered was poor at times, and I agree that Santander could have done things better; failings include providing incorrect information during calls and at times there has been a lack of responses, with Mr P not having received answers on specific points he raised. It is Mr P's opinion that these failings lend themselves to Santander needing to pay more than the £500 compensation it has offered.

At this point I think it's important for me to note, that based on what I've seen and know, I don't think there was a failing on Santander's part when it initially declined Mr P's fraud claim, despite him raising his argument on a number of occasions. I say that as not all cases where individuals have lost money are in fact fraudulent and/or a scam. Unfortunately situations do arise where things, like investments, can fail for a variety of reasons, including poor management or market conditions. And generally speaking, due to the sophistication of some scams it is, sadly, often the case that it can be difficult to determine whether a scam has taken place until new evidence subsequently comes to light, as was the case here where things ultimately led to a long investigation by the authorities and a conviction.

Based on what it knew, Santander took the position that what had happened constituted a civil dispute – from what I've seen I don't think it was unreasonable to do so. I do appreciate how frustrating that must have been for Mr P, given it seems clear to me from listening to the calls he had with Santander that he held the firm belief that what was happening was a scam. But just because Santander disagreed with Mr P and considered the matter a civil dispute, it doesn't automatically follow that it was wrong to reach that initial conclusion. It doesn't mean that Santander failed to consider things under the CRM Code, rather it meant that when considering the CRM Code, Santander didn't consider it was liable to refund Mr P's loss, due to civil disputes not being covered by the Code.

But where there are failings in how a firm has handled things, as there has been here, we often tell the firm to pay compensation, to recognise the impact the mistakes have. It's not possible to undo the hurt that's been done, but compensation helps by recognising that a business got something wrong and it had an unfair impact on someone.

However, and importantly, when it comes to the amount of compensation, it's worth bearing in mind that the perpetrators of the crime, the fraudster here, is the main culprit and will have been responsible for a large proportion of Mr P's distress and trouble. And Santander isn't responsible for the scam itself here – that was caused by the scammer. It was the customer service issues afterwards that Santander caused.

It's also worth bearing in mind that we're here to resolve complaints, and not to punish businesses. We award compensation as a way of getting businesses to recognise the impact of errors in a measurable, consistent way. We're not here to issue large fines or punishments.

We have guidelines about what levels of compensation to award, and we need to be consistent. I do appreciate why Mr P has asked for more compensation, and as I said above, I know he's had to deal with a lot of stress and upset. But Santander has already paid him an amount in line with what I would have awarded. So I don't think it would be fair for me to award further compensation when it's already paid what I would've told it to.

Finally, I don't make any award for legal fees. While I have no doubt these have been incurred, it was ultimately Mr P's choice to employ legal representation to seek alternative options for recovering his money. I don't think it would be fair or reasonable to hold Santander liable for these costs.

I'm mindful that in his submissions, Mr P has indicated that he has the option to take Santander to court. The Financial Ombudsman Service is an alternative dispute resolution service. Our service is an alternative to court but doesn't replicate its role. If Mr P rejects this final decision, he still may be able to pursue legal action.

I do appreciate Mr P will likely remain dissatisfied with this award and will maintain the issues he has raised warrant a higher payment, but our service is constrained on the awards we can make. For the reasons explained and set out above, I'm persuaded that Santander's offer to increase the interest award to 8%, alongside the £500 compensation it has already offered, is fair and reasonable in the circumstances and I won't be ordering it to do any more than that.

Putting things right

For the reasons explained above, Santander UK Plc should, as it has agreed to;

- Increase the interest it applies on the funds Mr P lost (being £25,000) from the savings account rate initially applied, to 8% simple interest, from the date of transactions to the date of settlement.

My final decision

My final decision is that I uphold this complaint in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 8 May 2025.

Stephen Wise
Ombudsman