

## The complaint

Mr J complains that Santander UK Plc (Santander) won't refund money he says was part of a scam investment scheme.

## What happened

*What Mr J says:*

Mr J says he was encouraged to invest in a trading 'bot' scheme that would provide him with a monthly return. This was promoted to him as a member of an existing WhatsApp investment group – other member investors had experience of another scheme which they said proved to be a scam.

Weekly seminars / webinars were held – it was explained that the firm (which I will call 'firm X') were trading 'prop accounts'. Investments were said to be in foreign exchange and commodities. Investments would be made by a 'robot' – and this was said to be more reliable than humans. He was told that returns could be an average of 4% per month; with a 'stop loss' of 2%. Firm X had an office in the Philippines. Videos were shown of the firm's offices and there was 24/7 phone support.

Firm X had a CEO and a Chief Operations officer – the latter was part of the WhatsApp group. Mr J did online research and checked firm X's website – he found nothing suspicious. Mr J bought five 'accounts' as shown:

Date	Payment	Amount
13 June 2023	Debit card to firm X	£7,979.38
13 June 2023	Debit card to firm X	£757.24
13 June 2023	Debit card to firm X	£757.24
14 June 2023	Debit card to firm X	£760.08
14 June 2023	Debit card to firm X	£760.08
14 June 2023	Debit card to firm X	£760.08
<b>Total (ex currency conversion fees)</b>		<b>£11,774.10</b>

In the event, nothing was paid out and Mr J didn't receive any money back.

Mr J complained to Santander in February 2024. He says Santander should've intervened to protect him. He sent almost £12,000 over two days and the bank should've seen these as unusual payments.

Had the bank done so, he says a trained bank official could have pointed out the red flags: he was sending money to a firm which didn't have permission to trade in the UK; the returns were too good to be true; guaranteed returns were unrealistic; and the WhatsApp group had been involved in another scam firm.

So, alarm bells would've rung and he wouldn't have made the payments. He said he had no investment experience – other than investing in another firm which proved to be a scam.

Mr J says Santander should refund the money he's lost, plus interest at 8% per annum.

*What Santander said:*

Santander did not refund any money. The bank said the payments were made by debit card and were authorised by Mr J. And they were to what appeared to be an investment scheme.

*Our investigation so far:*

Mr J brought his complaint to this service. Our investigator said Santander should've intervened in the first payment for £7,979.38 as it was out of character for Mr J to make. But even if they'd done so, she didn't think the bank could've advised Mr J it was a scam. She said:

- Mr J had extensive communications with other members of the WhatsApp group.
- He attended webinars about the investments.
- A senior officer of firm X was in the WhatsApp group – adding authenticity to it.

So, she didn't think that a bank employee could've prevented Mr J from making the payments, or framed any warning about them to Mr J.

Mr J didn't agree. Through his advisors he said there were clear red flags which a bank official could've seen:

- Firm X wasn't regulated by the Financial Conduct Authority (FCA) in the UK.
- The introducer/ broker wasn't authorised to offer investment advice in the UK.
- Returns were unrealistic.
- The existence of a WhatsApp group wasn't the normal method of communication by a genuine investment firm.
- Firm X operated from the Philippines – which was also a red flag.

He said - some basic questions would've planted seeds of doubt in Mr J's mind and uncovered the scam.

Our investigator didn't agree; Mr J asked that an ombudsman look at his complaint, and so it has come to me.

### **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 sorry to hear that Mr J has lost money in this scheme. It's not in question that he authorised and consented to the payments in this case. So Mr J is presumed to be liable for the loss in the first instance.

So, 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 Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what is fair and reasonable in this case.

But that is not the end of the story. Taking into account the law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Santander should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

I need to decide whether Santander acted fairly and reasonably in its dealings with Mr J when he made the payments, or whether it should have done more than it did. I have considered the position carefully.

The Lending Standards Board Contingent Reimbursement Model Code (CRM Code) provides for refunds in certain circumstances when there is a disputed payment. But – it doesn't apply in this case. That is because it applies to faster payments made to a UK beneficiary – and in this case, the payments were made by debit card.

If the payments were of a sufficient size and were out of character with how Mr J normally used his account – then we would expect Santander to have intervened and spoken to him about them. I looked at Mr J's account, and it's fair to say that the payments were unusual compared to the way in which he used his account – it had no transactions during 2023 leading up to the disputed payments in June 2023.

And so when Mr J made a series of payments for over £11,000 in two days – it is reasonable to have expected Santander to intervene speak to him to find out more about them. Santander was the expert in such matters and if they'd intervened, held the payments and contacted Mr J we would have expected them to ask Mr J a number of open questions.

I must consider what we could reasonably expect Santander to find out about Mr J's investment and whether the bank could've been expected to flag any risks about what he was doing.

Typically, investment scams have the characteristics of:

- A cold call from an unknown person, either by phone or social media.

- Get customer to download screen sharing software so scammers can see/control funds.
- Use of a fake website and fake returns – with a link to it provided by the scammers.
- Promises of returns too good to be true.
- No documentation or contract.
- Funds sent in crypto currency and to a crypto wallet/exchange.
- Investment to be in crypto currency/ bitcoin.

And – therefore, it's reasonable to have expected Santander's questioning to have included questions designed to find out if Mr J was at risk of being the victim of a typical investment scam.

But, having reviewed the evidence available to me, I don't think I could have expected Santander to have suspicions that this might have been the case. If the bank had spoken to Mr J (as they should have), then they'd have found out:

- Mr J was introduced to firm X through his membership of an existing WhatsApp group.
- The group included members who were happy with their investments; there was positive feedback.
- The group included a senior executive of firm X.
- Mr J had attended webinars and Zoom briefing sessions about the company's strategy and investment intentions. These included the CEO of firm X.
- He had seen a marketing guide/investment prospectus and other documentation from firm X.
- There was an existing website with a 'firm X.com' domain.
- He appeared to understand what firm X's method of investing was – in his evidence to us, he quoted: *"I believed I was investing in a service that was going to trade a prop account on the live market. The Trader was a robot which would take away the human element of emotion and inaccuracy and therefore it was a fail safe method to trade. The robot was programmed and maintained by (firm X) and the prop firm was MDP. We were assured that we would not be liable to any losses, and there was an automatic stop on the account if the bot made more than 2% losses."*

Given this, I don't think it is reasonable to have expected Santander's fraud team call handlers to have recognised this as a typical investment scam and warned Mr J of any risks in what he was doing. It had few aspects of a typical investment scam. I also noted that Santander weren't acting as Mr J's investment advisor.

I accept that two valid concerns may have been – that firm X wasn't registered in the UK or regulated by the FCA. And I agree that the returns seemed too good to be true.

But on the other hand, there are many legal and valid reasons for investing in firms outside the UK, and such was the sophistication of this investment – that I don't think I could've expected Santander to question the returns as being too good to be true. So, of themselves, I'm persuaded that these two aspects weren't large enough red flags to stop Mr J from going ahead.

I looked online for any negative reviews of firm X – and couldn't find any at the time Mr J made the payments. So – if Santander had asked him about his research, he would have said he found nothing of concern.

*Recovery:* We expect firms to quickly attempt to recover funds from recipient banks in these circumstances. But here, the payments were made by debit card – and were therefore confirmed payments. So, there wasn't anything that Santander could do to try to get the money back - especially as Mr J didn't contact the bank for several months afterwards.

So, having reviewed the evidence of this case, I am not upholding Mr J's complaint. He has lost a lot of money; I'm sure this must have been upsetting for him. He will therefore be disappointed by my decision, but I'm not going to ask Santander to do anything here.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 14 May 2025.

Martin Lord  
**Ombudsman**