

## The complaint

Mr T complains Santander UK Plc ('Santander'), hasn't reimbursed him following an Authorised Push Payment ('APP') investment scam he fell victim to. He says Santander should reimburse him for the money he lost.

## What happened

The circumstances of the complaint are well-known to both parties and were explained thoroughly in our Investigator's opinion on this complaint. So, I don't intend to set the circumstances out again in detail here. However, I'll provide a summary of what's happened.

Mr T instructed the services of a company ('M') to publish a book he'd written. He made several payments to M for various services, and the book was subsequently published in August 2023.

In October 2023, Mr T made a further payment to M for £6,968.90 (\$8,499) for what he believed was a paid online ad-campaign on a well-known internet search-engine – which I'll call 'G'.

In November 2023, Mr T attempted to send M £8,802 (\$10,800), as M had told him his book had been selected for participation in a program ran by G which meant G was going to purchase 1,200 copies of Mr T's book. However, Santander had doubts and thought the payment was being made as the result of a scam and managed to stop him sending the funds.

Mr T then asked Santander to reimburse his October 2023 payment, believing that had been made as the result of a scam too.

Santander considered whether the payment Mr T made to M was covered by the Lending Standards Board's Contingent Reimbursement Model ('CRM') Code. The CRM Code provided additional protection from APP scams and offered reimbursement to scam victims, but only in certain circumstances. In Mr T's case, Santander concluded he had a private civil dispute with M and civil disputes weren't covered by the CRM Code. So, it didn't consider it was liable to reimburse him for the payment he had made.

Santander considered the matter was a civil dispute as Mr T's book was available to order on a well-known e-commerce platform and had been purchased five times since August 2023. So, it considered Mr T had received a service from M but not to the level agreed upon. It therefore believed Mr T had a civil dispute with M.

One of our Investigators looked into the matter and upheld Mr T's complaint. In short, they considered it was more likely than not that M were operating a scam at the time Mr T made the disputed payment to it for the ad-campaign and M had dishonestly deceived Mr T into making the payment. And they set out a number of reasons which they considered supported this finding.

They therefore considered the CRM Code applied to the payment Mr T had made and assessed the complaint under its provisions. Having done so, they did not think any exceptions to reimbursement applied. They therefore recommended a full refund of the disputed payment (less £58.76 that Mr T had seemingly received in profits) as well as 8% simple interest on that amount from the date Mr T's claim was declined under the CRM Code until the date of settlement.

Mr T accepted the findings. However, Santander did not. It explained that the information provided by the Investigator suggested that this was a scam. But it also considered that Mr T had still received a service from M – in that his book was available to purchase online. It considered the ad-campaign was something that Mr T would need to address directly with M. It reiterated Mr T had received goods/services but not to the agreed level so remained of the opinion it was a civil dispute rather than a scam. In addition, it considered it wasn't normal activity for scammers to continue to provide a sales process/service after the funds had been received.

The Investigator considered Santander's response but wasn't minded to change his opinion. The Investigator explained Mr T had received partial services, but didn't think M was operating as a genuine business. The Investigator considered that it was his understanding that publishing a book on the e-commerce site is free or cost very little, and in this case, M then demanded very high fees for advertising costs, and most of these funds weren't used for that purpose.

So, 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.

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.

First, for clarity, this decision focuses solely on the payment for £6,968.90 that Mr T is disputing. I'm aware there were other payments made to M prior to this – but they have not been complained about.

Santander was a signatory to the CRM Code. It required firms to reimburse victims of APP scams in all but a limited number of circumstances. Santander consider the disputed payment is part of a civil dispute between Mr T and M, and as the CRM Code doesn't apply to civil disputes it isn't liable to reimburse him.

In order to reach a decision, I've considered the definition of an APP scam under the CRM Code. Under DS1(2) an APP scam is defined as:

*“...a transfer of funds executed across Faster Payments, CHAPS or an internal book transfer, authorised by a Customer in accordance with regulation 67 of the PSRs, 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.”*

DS2(2)(b) explains that the CRM Code does not apply to:

*“private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier”*

So, the CRM Code only applies if the definition of an APP scam is met, as set out above. As I've also set out above, the CRM Code doesn't apply to private civil disputes.

As there's no dispute that Mr T's funds were transferred to the intended recipient, I don't consider section DS1(2)(a)(i) of the definition to be relevant to this dispute. Therefore, in order for there to have been an APP scam, Mr T must have transferred funds to M for what he believed were legitimate purposes, but which were in fact fraudulent, as set out in section DS1(2)(a)(ii).

I've therefore considered whether or not Mr T's intended purpose for the payment was legitimate, whether or not the intended purposes of Mr T and M were broadly aligned and, if not, whether or not this was the result of dishonest deception on the part of M.

Mr T believed he was paying a legitimate company and for a legitimate purpose. Mr T had seen that his book had been published on an e-commerce platform. And Mr T believed that he was paying M for an ad-campaign service on G to promote sales of the book.

I've then considered whether there's convincing evidence to demonstrate that M's purpose of the payment was fraudulent. That is, whether M's purpose must have been to misappropriate Mr T's funds or otherwise deprive him of his money, rather than to use it for the purpose believed by Mr T.

And where the crux of the issue is finely balanced, I have to make my decision based on the balance of probabilities – that is what I fairly and reasonably consider is more likely than not to have happened.

It's evident that M had some features that gave the impression it was operating legitimately. It was listed on Companies House, and it carried out some services in publishing Mr T's book on the online e-commerce platform. But I think there are some serious concerns that support the finding that it dishonestly deceived Mr T into paying for an ad-campaign on G.

As the Investigator highlighted, while M was on Companies House – it hadn't filed any accounts since its incorporation in September 2021. And it had one director seemingly based abroad. I think it reasonable to suggest that a legitimately operating publisher would likely file their accounts – and to not do so since its inception indicates M wasn't transparent or operating as you would expect. Although I accept that it doesn't automatically mean M was operating fraudulently.

However, when I consider the contracts Mr T received from M – I think it is clearly indicative of M setting out to dishonestly deprive Mr T of his funds. And I think that is the key information in this case in determining whether M was operating fraudulently when it sought to obtain money from Mr T.

The contract dated 30 September 2023 states it is a *"Paid Campaigns Service Contract with Sales Commitment"*. Mr T is the client, M is the intermediary, and G is referred to as the 'Service Provider'. And it states that

*"the 'Service Provider' commits to generating a minimum of 2,500 book sales within a period of 30 – 55 working days from the initiation of the [G] Paid Campaigns. The Client is required to give a minimum price he will be selling the books which has been decided at \$7.83."*

*"The Client agrees to pay a total service fee of \$8499 for the execution of the [G] Extensive Campaigns."*

*"In the event that the Service Provider fails to achieve a minimum of 1000-5000 book sales within the stipulated one-month period, the Client shall be entitled to a refund of 100% of the total service fee paid."*

Mr T proceeded and made the payment to M for £6,968.90 (\$8499) on 3 October 2023.

The second contract Mr T received was dated 3 November 2023. The contract is again a *"Paid Campaigns Service Contract with Sales Commitment"*. Again, Mr T is the client, M is the intermediary, and G is referred to as the 'Service Provider'. It states:

*"...We are very glad to congratulate you getting selected for [G] Extensive Program plan, which comes once in a whole year. The benefit of this plan is that once you are selected then you do not have to resubmit your manuscript to avail or be selected for this opportunity. You will be enrolled and [G] will contact you on yearly basis to place large number of orders for this book."*

It then goes on to state:

*"1. Scope of Services:*

*The Service Provider agrees to provide the following services to the Client:*

*[G] Paid Campaigns: The Service Provider will design and execute a comprehensive [G] Paid Campaign strategy aimed at promoting the Clients book. This includes doing the charity of these books to the Salvation Army and to these third world countries.*

*Sales Commitment: The Service Provider commits to place an order of 1200 book sales within a period of two month from the initiation of the [G] Paid Program.*

*Any book delivered damaged or with any defects will be replaced by M without any extra charges.*

*2. Terms and Conditions:*

*Payment: The Client agrees to pay a \$9 each book for all the 1200 book that [G] ask for service fee of for the execution of the [G] Extensive Program.*

*The Client will receive a cheque of those 1200 books that client sent with the selling price of \$22 per book.*

*The total payment for the printing and shipping of 1200 books is: \$10,800 (Ten Thousand Eight hundred dollars. The royalty cheque that you will receive from [G] for those 1200 books will be \$26,400 (Twenty-Six Thousand Four Hundred dollars)”*

When considering the contracts they are questionably written. Particularly some of the phrasing such as “*which comes once in a whole year*” or “*[G] will contact you on yearly basis to place large number of orders for this book*” and “*This includes doing the charity of these books to the Salvation Army and to these third world countries*”.

I also don't find G would 'commit', in the September 2023 contract, to generating a minimum of 2,500 in book sales. I am also mindful that with the September 2023 contract, it stated that “*In the event that the Service Provider fails to achieve a minimum of 1000-5000 book sales within the stipulated one-month period, the Client shall be entitled to a refund of 100% of the total service fee paid.*”

So, there is a discrepancy on the number of books to be sold with 2,500 quoted as well as a minimum of 1000 – 5000. And there is a discrepancy in the time frame that it is meant to be achieved in, with 30 – 55 days quoted as well as a one-month time frame. It also appears that more than 2500 books could be sold as agreed, but if it was less than 5000, Mr T could have grounds to say he should still be entitled to a refund despite the contract being satisfied – which doesn't seem to make much sense and you wouldn't expect a company such as G to have unclear contractual terms from its side. The contract also doesn't state who is liable to refund Mr T – whether G or M if those numbers aren't met. And I am mindful that Mr T didn't seemingly receive anything much in the form of sales revenue but wasn't provided with a refund of the service fee paid either.

I also don't think, with the November 2023 contract, G would place an order of 1,200 book sales whereby the client (Mr T) pays \$9 for each book (the cost of printing and shipping 1,200 books by M) with G then selling each book at \$22 – with Mr T seemingly getting all of the revenue from the sales – and G seemingly getting no share of any revenue. While the 'program' was seemingly meant to be some form of charity project, overall, the contract doesn't make much sense.

Within the contract, G is also seemingly confirming it will sell the book for \$22 when in September 2023's contract the minimum price the book can sell at is \$7.83 – when G was supposedly aiming to generate 2,500 (or 1000 – 5000) in sales.

This begs the question as to why G would be selling a copy of the book at \$22 when it was seemingly sold for cheaper. And I'm also mindful the book was supposedly being sold for \$19.99 on the e-commerce platform. So, it seems there is no guarantee that the book would sell at \$22 – but the November 2023 contract sets out that if Mr T paid the \$10,800 for the 1,200 books – then he would receive a royalty cheque for \$26,400 which alludes to it being guaranteed.

G does assist in promoting sales through marketing strategy and advertising but seeks to take a share of revenue. And I haven't seen any evidence available that indicates G carried out a program with the charity provider in the manner as set out in the November 2023 contract that M put to Mr T.

So, when I consider the contracts M provided Mr T, I'm not satisfied, on the balance of probabilities, G was ever a party to those contracts. And it seems more likely than not that M dishonestly deceived Mr T under false pretences of 'marketing and advertising' to deprive him of his money.

I am also mindful M then, according to Mr T, continued to pester him throughout November and December 2023 when M had actually been dissolved by this point. And Mr T has advised that his wife was forced to change her phone number and Mr T had to disconnect their landline such was the volume of calls. I don't doubt that this happened, and to my mind it has the hallmarks of scammers seeking to obtain as much funds as possible through pressure tactics.

And from looking at the receiving account statements it doesn't seem that the payment Mr T made of £6,698.90 to M's UK bank account was then sent on to the M's affiliate company in America which is what Mr T believed would happen to enable the supposed execution of the ad-campaign with G.

On the whole, while M provided some initial services to Mr T in getting his book published on the e-commerce platform it seems to me that this can be achieved relatively easily and for minimal cost. And I consider it was more likely than not done in an attempt to dishonestly deceive Mr T into parting with further funds rather than to use them for the purpose of paid advertising to generate book sales as believed by Mr T. On balance I consider M provided some initial services to instil some trust and belief, and this was done as a ploy for it to then utilise marketing and advertising as an excuse to extract further funds from Mr T and it did so through dishonest deception in the contracts it provided Mr T.

Taking into account all of the above, I'm satisfied, on the balance of probabilities, that the money that was intended for and sent to M (for £6,968.90) was not used for its intended purpose. The evidence suggests that Mr T was more likely than not a victim of an APP scam.

So, as I'm satisfied Mr T has most likely been the victim of an APP scam when he made the payment of £6,968.90, I've considered whether he should be reimbursed or not under the CRM Code.

#### *Is Mr T entitled to reimbursement under the CRM Code?*

I've considered whether Santander should reimburse Mr T under the provisions of the CRM Code. There are generally two exceptions to reimbursement:

- Mr T made the payments without a reasonable basis for believing that they were for genuine goods or services; and/or M was legitimate.
- Mr T ignored what the CRM Code deems to be an 'Effective Warning'

And importantly, when assessing whether it can establish these things, Santander must consider whether they would have had a 'material effect on preventing the APP scam'.

I have considered whether Mr T had a reasonable basis to believe M was legitimate and was providing a genuine service. In doing so, I have to bear in mind that when Mr T made the payment for £6,968.90, he had paid M previously. And M had provided some services – with Mr T's book being published and available to purchase on the e-commerce platform. So, I can understand why Mr T thought M to be a legitimate provider of services. And I am also mindful that Santander's position now is that it considers this to be a civil dispute between the parties. So, when I consider the particular characteristics of what happened here, I'm satisfied that Mr T did have a reasonable a basis of belief at the time.

I accept that the contracts Mr T received could have potentially given him some cause for concern. But I can understand why Mr T, believing it to be a genuine publisher, might not have picked up on the finer details of what the contract was setting out or that what G, as the 'Service Provider', would reasonably be committing to and whether that was likely or not. I also have to bear in mind Mr T wasn't experienced in the field of publishing or marketing nor was he familiar with technology such as paid ad-campaigns. I don't think it was unreasonable for him to believe what he thought was a legitimate publisher acting for his best interests in this area.

On balance, I think there was enough to reasonably convince Mr T at the time he made the payment for £6,968.90 that it was going to what he thought was a legitimate company and for a legitimate purpose. With this in mind, I don't think Mr T made the payment without a reasonable basis of belief that M was genuine.

I have also considered whether Santander can rely on the exception to reimbursement that Mr T ignored what the CRM Code deems to be an 'Effective Warning'. However, I am also mindful the CRM Code explains that a firm, in assessing whether an exception to reimbursement applies such as ignoring an effective warning, has to take into account whether it would have had a '*material effect on preventing the APP scam*'.

Here Mr T had no reason to believe that M wasn't a genuine company at the time. So, I think it is fair to say a warning wouldn't have had a material effect on preventing the scam. So, I do not think an exception to reimbursement can be applied for this reason in any event.

The subsequent payment in November 2023 was blocked by Santander to look into the possibility of potential fraud concerns. And as a result of further conversations (in which time M was struck of a became a dissolved) it subsequently led to that payment not being processed. But I don't think I could reasonably have expected Santander to have picked up on this when Mr T made the earlier payment of £6,968.90.

### Summary

Overall, I am satisfied, based on the evidence available, that Mr T was more likely than not the victim of an APP scam when he made the payment of £6,968.90. And his fraud claim is therefore covered by the provisions of the CRM Code. I'm also satisfied no exceptions to reimbursement under the CRM Code apply. So, it follows that I'm satisfied Santander should reimburse Mr T under the provisions of the CRM Code.

I'm aware that Mr T received some very minor credits. Mr T isn't sure what they are in relation to, whether they are royalties, from M, or from the e-commerce platform. But as Mr T has received some credits it seems fair to take those into account when determining what I can consider fair redress to be.

### **Putting things right**

I uphold this complaint. Santander UK Plc should reimburse Mr T:

- the £6,968.90 payment he made to M (minus £58.76 that Mr T received back); and
- 8% simple interest on that amount from the date Mr T's claim was declined under the CRM Code until the date of settlement.

### **My final decision**

For the reasons given above, I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 10 October 2025.

Matthew Horner  
**Ombudsman**