

The complaint

Mr B complains that Santander UK PI didn't do enough to protect him from the financial harm caused by an investment scam, or to help him recover the money once he'd reported the scam to it.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

On 7 September 2024, Mr B's wife tried to book two flight tickets via a travel website which she'd used many times before. She says that while on the website, she clicked on a red telephone icon in the left hand corner of the screen and was assisted by someone, who I'll refer to as "the scammer".

The scammer quoted two prices and when Mr B's wife confirmed she wanted to go ahead, he took the details for the booking before asking for her card details. The first two cards declined before she successfully paid for the flights using Mr B's Santander credit card.

Mr B realised he'd been scammed when he received messages from Santander and saw declined payments for amounts which didn't match with the cost of the flights. He contacted all three of his banks and learned that £1181.99 was pending on his Santander credit card. This was subsequently lost to the scam.

When Mr B complained to Santander, it refused to refund the payment because he'd authorised the payment. It said the Contingent Reimbursement Model ("CRM") Code didn't cover card payments.

Mr B wasn't satisfied and so he complained to this service stating that he asked Santander to freeze the account while the matter was investigated, and he received late payment charges and interest fees. In addition, he asked Santander to block his credit card to prevent further fraudulent activity and on 14 September, new cards and pin numbers arrived together, which had put him at risk of financial harm.

Responding to the complaint, Santander said that where a flight ticket has been purchased in a scam, the merchant will have supplied tickets for the flight booking, and the scammer will later cancel the flight and receive a refund, or a credit voucher from the merchant. So, there was no valid chargeback code. And it said it had no control over the timing of the card and PIN once they were received by the Royal Mail.

Our investigator didn't think the complaint should be upheld. He didn't think the payment was particularly unusual or suspicious because, while it was larger than Mr B's previous card purchases, in the context of general banking, it wasn't large enough to indicate he was at risk of financial harm. He further noted Mr B made a payment of £958 in February 2024, so he didn't think £1,181.99 was unusual. He further explained that credit cards are commonly used for larger payments and purchases, so he didn't think Santander did anything wrong in allowing the payment to be released.

He further explained that once the payment had been made, the service was considered to have been provided by the merchant, so there wouldn't be a valid claim under s75 of the Consumer Credit Act ("s75").

Finally, he noted Mr B had raised concerns over the new card and PIN being received on the same date, but Santander had confirmed the card and PIN were sent on different dates, so he didn't think he was entitled to any compensation.

Mr B has asked for the complaint to be reviewed by an Ombudsman. His representative has argued that Santander should have prevented the pending payment from being released to B. And she has questioned why chargeback or s75 claims weren't raised.

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've reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Mr B has been the victim of a cruel scam. I know he feels strongly about this complaint, and this will come as a disappointment to him, so I'll explain why.

I'm satisfied the payment was 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although the money wasn't intended to go to the scammers, under the Regulations, and under the terms and conditions of his bank account, Mr B is presumed liable for the loss in the first instance.

There's no dispute that this was a scam, but although Mr B didn't intend the money to go to scammers, the disputed payments were authorised (by his wife with his consent). Santander is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

Having considered the value of the payment and who it was made to, I'm not persuaded Santander ought to have found it unusual or suspicious, such that it ought to have made enquires of Mr B before processing it. I note Mr B feels that Santander should have stopped the payment when it was still in a pending state, but pending payments cannot be stopped or blocked.

In addition, I understand Mr B is frustrated at having to pay late payment fees and interest charges, but as I'm satisfied the payment was authorised and there was no reason for Santander to stop the payment, I can't conclude that these fees were unfair.

Recovery

The potential avenue for recovery of the payment after it was made was via the chargeback scheme. This is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. A chargeback can only be made within the scheme rules, meaning there are limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed.

In this case, Santander has explained there was no valid chargeback code because, where a flight ticket has been purchased, the merchant will have supplied tickets. I understand Mr B

may think this is unfair, and that because he's been the victim of a scam, he should receive his money back. But the chargeback scheme provides protection for the genuine travel agent in circumstances where they have likely already provided the services (e.g. the booking of a flight ticket) at a cost to them; and where steps are taken to ensure that the card was being used with the consent of the genuine cardholder, which it was here. This means, in circumstances like this, I wouldn't expect a chargeback claim to succeed, and I can't fairly blame Santander for not having recovered Mr B's money through chargeback.

For completeness, I've also considered whether, the money could be recovered under s75 of the Consumer Credit Act but, unfortunately for Mr B, I think here there wouldn't be the type of relationship needed for this to make a difference. This is because Mr B was unfortunately dealing with scammers, which I think would break the debtor-creditor-supplier chain in this particular instance.

I realise this means Mr B is out of pocket; I sympathise, but I can't fairly say this is Santander's fault with regards to this particular transaction. Unfortunately, there may be instances like this where things go wrong but consumers can't always get refunded if their bank hasn't done anything wrong. And I think this is such an instance. I can't fairly tell Santander to reimburse Mr B in circumstances where I'm persuaded: it wasn't unreasonable for Santander to treat the transaction as authorised; the transaction wasn't such that I'd reasonably expect Santander to have prevented it from being made; and where I can't see Santander would otherwise have been expected to have successfully recovered it or refunded it.

Compensation

I understand Mr B is concerned that his replacement card and PIN arrived simultaneously in the post, but Santander has confirmed that they were sent out separately and it hasn't resulted in a loss. So, he's not entitled to any compensation.

My final decision

For the reasons I've outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 28 October 2025.

Carolyn Bonnell
Ombudsman