

The complaint

Mr C complains Santander UK Plc won't refund money he lost when he fell victim to an investment scam.

In bringing this complaint Mr C is supported by a professional representative, but for ease of reading I will refer solely to Mr C in this decision.

Background to Mr C's complaint

The background to this complaint is familiar to both parties, so I'll only refer to some key events here.

Between 2015 and 2020 Mr C was recommended, and entered into, a number of high-risk investments – including peer-to-peer lending and unregulated mini bonds – following a series of cold calls from brokers. Over the years he lost a considerable sum of money to these investments, which either failed or which he now considers were scams.

As most of the funds Mr C lost were transferred from his accounts held with Santander, he considers it is responsible for his loss. He believes Santander should have recognised a change in his account activity when he began investing and that he was at risk of financial harm. He thinks it should have warned him about the risks associated with the proposed investments and associated scams. He considers that an early intervention from Santander would have prevented his losses.

While Mr C has referred several complaints to the Financial Ombudsman for consideration, this decision only addresses Santander's actions in relation to one scam, concerning a company I will refer to as "N", described further below. I have considered Mr C's complaints concerning other scams separately.

What happened

In July 2017, Mr C was introduced to an investment opportunity with 'N', an overseas "green" mining company. Mr C understood N was offering a fixed income bond, to finance the rehabilitation of former precious metal mining operations. Between July 2017 and July 2019, Mr C made three payments to N, via a fund custodian, totalling £19,000, to take out five-year fixed rate bonds.

In July 2020, Mr C said he received a call from someone purporting to be N's chairman offering him the chance to buy shares in N. He was led to believe the share price would increase significantly when N was floated on the London Stock Exchange. He was later contacted by a broker who would process the purchase of shares. Having carried out some checks into what he was being told, Mr C made a £10,000 payment to N.

In 2021, N went into voluntary liquidation. Unable to recover any of his invested funds, Mr C considered he'd been scammed. He also started to question whether he had actually been contacted by N's chairman, or if someone else was impersonating him as part of a scam.

Mr C says he was later informed by N's administrator that he did not own shares in N, which reinforced his belief that he had been scammed.

Believing he'd been scammed, Mr C asked Santander to reimburse his losses under the Contingent Reimbursement Model (CRM) Code. Santander refunded £5,000 of Mr C's loss as a gesture of goodwill but said it was not responsible for any of his remaining loss. Unhappy with Santander's response, Mr C referred his complaint to the Financial Ombudsman. As part of his complaint, Mr C raised concerns about the way Santander had handled his various scam claims, and subsequent complaints.

Our Investigator didn't uphold the complaint. He was not persuaded, based on the evidence presented, that N was operating an APP scam, as defined by the CRM Code. He concluded Santander had therefore not acted unfairly by refusing to reimburse Mr C's total loss under the CRM Code. He was also not persuaded that had Santander intervened before processing his payments it would've uncovered any cause for concern that would have resulted in Mr C not making the payments. As such, he was not persuaded Santander could have otherwise prevented Mr C's losses.

Mr C disagreed. He maintained that the evidence supported N was operating a scam. The complaint has now been passed to me to decide.

What I've decided – and why

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Having done so, I have reached the same outcome as our Investigator and for largely the same reasons. I realise this will come as a disappointment to Mr C, but for the reasons I'll set out, I don't think Santander is responsible for his loss here.

I'm aware I've summarised this complaint and the relevant submissions briefly, in much less detail than has been provided, and in my own words. No discourtesy is intended by this. In this decision, I've focussed on what I think is the heart of the matter here. Therefore, 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 consider is the right outcome. Our rules allow me to do this, reflecting the informal nature of our Service as a free alternative to the courts.

My role is to consider the evidence presented by the parties to this complaint, and reach what I think is an independent, fair and reasonable decision, based on what I find to be the facts of the case.

Who is responsible for Mr C's losses?

In broad terms, the starting position in 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. However, where the customer made the payment because of the actions of a fraudster, it may sometimes be fair or reasonable for the bank to reimburse the customer even though they authorised the payment.

Is Mr C entitled to reimbursement under the CRM Code

The CRM code took effect on 28 May 2019, and so it is a relevant consideration for the losses Mr C suffered as a result of his later payments to N – which were made in July 2019 and July 2020.

Santander is a signatory of the CRM code. This requires it to reimburse customers who have been the victim of authorised push payment ('APP') scams, in all but a limited number of circumstances. But the CRM code doesn't apply to all APPs which ultimately result in a loss for the customer. It only covers situations where the payment meets the definition of an APP Scam (DS1(2)). The relevant definition for this case would be that Mr C transferred funds to another person for what he believed were legitimate purposes, but which were in fact fraudulent (DS1(2)(ii)). The CRM Code expressly excludes "*private civil disputes*" from the scope of the Code, which includes failed investments.

I've considered the evidence available, but I can't fairly conclude that Mr C's been the victim of an APP scam, in line with this relevant definition. As our Investigator set out in some detail, while it is clear N failed, causing Mr C to lose money; there is insufficient evidence that N intended to scam investors or that there was a misalignment between N's purpose for receiving the investment funds and the purpose of investors.

The available evidence indicates that N was a legitimate mining company, operating overseas, which had been in operation for several years prior to Mr C's investment. Public records show that N's directors voted to put the company into liquidation, which led to many bond holders losing money.

It is accepted that Mr C's purpose for making the payment was to invest it in N and for the funds to be used towards, and invested in, N's mining business. It is also evident, from Mr C's testimony and the documentation provided, that he believed this was a legitimate venture.

I accept that N failed to deliver what was expected from the investment which resulted in Mr C's loss, but I haven't seen any clear evidence this was always what N intended. Nor have I seen persuasive evidence that at the time of the payments, N planned to use Mr C's funds in a different way to what was agreed.

Companies House records show that N had been in business since 2015 and had a detailed filing history. Liquidator's reports, published on Companies House, also demonstrate that genuine underlying companies were sold as part of the liquidation process. And these underlying businesses were carrying out mining activities – so the same activity/purpose that led Mr C to invest with N. On balance, it seems N was a genuine company that failed.

While I note Mr C has referred me to an online article, which highlights parts of N's business model and practice that could indicate it was operating a scam. But, I'm mindful that it is unclear who authored this article, or on what basis it reached its various conclusions or speculations. I think it's also important to note that the article highlights that the allegations were as yet unproven. As such, I cannot treat this as persuasive evidence that N was operating a scam. So, I consider Santander acted fairly in not reimbursing Mr C's initial payments to N under the CRM Code.

If material new evidence comes to light at a later date, which indicates N was operating a scam, Mr C can ask Santander to reconsider his fraud claim.

I have also considered whether Mr C's final payment to N - £10,000 in relation to his intended purchase of shares - was a separate scam orchestrated by someone imitating N's chairman. I appreciate Santander has already reimbursed 50% of this loss. But as I have

explained to Mr C, for me to conclude that Santander needed to reimburse the remainder of this loss, I would need to be persuaded that this loss was due to an APP scam.

While I appreciate Mr C has said N's administrator informed him that he did not obtain shares in N, he has not been able to evidence this conversation or that he did not obtain shares. And in any event, even if Mr C could evidence that he did not obtain the shares, he has not evidenced this was due to fraudulent intent.

As such, while I can see Santander offered to reimburse 50% of Mr C's loss in relation to this payment, I cannot reasonably conclude that he had been scammed as defined by the CRM Code. In these circumstances, I cannot expect Santander to reimburse the remainder of Mr C's loss in relation to his £10,000 payment.

Should Santander have otherwise prevented Mr C's loss?

Taking into account the law, regulations, guidance, standards, codes, and industry practice, Santander should have been on the look-out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). And, in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment.

So, I have gone on to consider whether Santander ought to have intervened in any of Mr C's payments, and if it should, whether any such intervention would more likely than not have prevented his loss.

While Mr C's payments to N were relatively high value (£4,000 - £10,000), I'm not persuaded they ought to have stood out to Santander as particularly suspicious or unusual given his previous account activity. But even if Santander had intervened and spoken to Mr C about the payments, I'm not persuaded this would have prevented his loss. As addressed above, N was a genuine company and there was no negative information about it in the public domain at the time of the payments. As such, even if Santander had intervened, I don't think either party would have likely uncovered sufficient cause for concern about N such that Mr C would have chosen not to proceed with the payments. So, I don't think Santander could reasonably have prevented Mr C's loss.

Finally, while I appreciate Mr C has raised concerns about the way Santander considered this and other scam claims and subsequent complaints, I'm not persuaded that it needs to do anything further in this regard.

Having reviewed this and other complaints referred by Mr C, it is evident that the circumstances were not straightforward. As set out above, Mr C made a significant number of payments to various investments over a number of years. Mr C became aware that things started to go wrong as early as 2020, but I can see that the full scope of what had happened was not immediately apparent, which led to Mr C making a series of scam claims as various investments began to fail. This meant that Mr C had to make repeated claims to Santander, as he became aware of more potential scams. I can see Santander responded to each scam claim (and/or complaint) as it was raised. It was only in later years, that Mr C's broader concerns about Santander's responsibility became clear.

While I accept that there were occasions where Santander could have been more responsive and provided more detailed written responses, I have looked at Santander's handling of the case as a whole. Having done so, I'm mindful that Santander has settled some of Mr C's claims as a gesture of goodwill, and otherwise settled claims I would not have expected it to. So, while there were occasions it could have handled things differently, I

don't think it would be fair and reasonable in the circumstances to require it to compensate Mr C for these failings.

In summary, while I'm sorry to hear that Mr C has lost a considerable sum of money to what he believes to be a scam, I don't find there were any failings on Santander's part that would lead me to uphold this complaint.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 17 December 2025.

Lisa De Noronha
Ombudsman