

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, several high-risk investments – including peer-to-peer lending and unregulated mini bonds – some of which followed cold calls from unregulated brokers. Over the years Mr C 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 considers Santander should have recognised a change in his account activity when he began investing and that he was at risk of financial harm. He considers it should have warned him about the risks associated with the proposed investments and associated scams. He believes 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'll refer to as "D", described further below. I will consider Mr C's complaints concerning other scams separately.

What happened

Around November 2018, Mr C was introduced to an investment opportunity with D, an overseas property developer. Mr C understood D was offering a fixed rate bond, which would deliver a 10% annual return. On 8 November 2018, Mr C made a £10,000 payment from his Santander current account to an Authorised Payment Institution (which I'll refer to as 'T'), which D used to receive investor funds.

D later failed and Mr C believed he'd been scammed. Mr C believes D was running a Ponzi scheme and that his money was never used in the way he agreed. He raised a claim with Santander to recover his losses.

When Santander refused to reimburse his losses, Mr C referred his complaint to the Financial Ombudsman. He complained that Santander ought to have intervened before processing his payment and warned him about possible scams, had it done so, he believed his scam loss would have been prevented.

Our Investigator didn't uphold the complaint. While he accepted Mr C had lost money, he was not persuaded Mr C's payment to T ought to have prompted intervention from Santander, considering his past account activity, which included a previous payment of £10,000 from the account. As such, our Investigator was not persuaded Santander could reasonably have prevented his loss.

Mr C disagreed. He maintained that his payment ought to have looked unusual to Santander, particularly as T processes international payments. He said Santander should also have intervened on the previous £10,000 payment from the account - made as part of another investment that Mr C now considers to be a scam, which is the subject of another of Mr C's complaints. He said if Santander had intervened and questioned him effectively before processing either of the £10,000 payments, it would have established a number of warning signs in respect of the transactions – he had been cold called; he was making an investment into an unregulated company; and he was receiving advice from an unregulated company that was based overseas. Mr C said on being alerted to these risks he would not have gone ahead with the payments.

The complaint has now been passed to me to decide.

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 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 could reasonably have been expected to prevent Mr C's loss.

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 loss?

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 as a consequence 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.

For clarity, I should explain the Lending Standards Board's Contingent Reimbursement Model ('CRM') Code doesn't apply here. This is a voluntary code which requires signatories, such as Santander, to reimburse customers who are victims of scams in all but a limited number of circumstances. But the CRM Code took effect on 28 May 2019, and it was not retrospective, so it does not apply to Mr C's payment to D. So, I have not considered it in this case.

While the CRM Code doesn't apply, taking longstanding regulatory expectations and requirements into account, and what I consider to be good industry practice at the time, Santander should have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

Should Santander have reasonably prevented Mr C's loss?

Ultimately there is a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. As such, I would not expect Santander to intervene in a properly authorised payment unless it looked particularly unusual, out of character or suspicious.

I have reviewed Mr C's past account activity and the payment he made to T. Having considered when the payment was made, its value and who it was made to, I'm not persuaded Santander ought to have found the payment instruction suspicious, such that it ought to have made enquiries of Mr C before processing it.

This was not the first time Mr C had made a payment of this value from his account. On 27 September 2018, Mr C had made a £10,000 payment to a new payee concerning another investment.

I appreciate Mr C believes Santander should also have intervened in that payment, but as I have addressed in another complaint concerning that payment, even if Santander had intervened, I don't think proportionate questioning would have uncovered any cause for concern that would have impacted Mr C's decision to go ahead with it.

Similarly, I'm not persuaded that, even if Santander had intervened in Mr C's payment instruction to T, it would have impacted Mr C's decision to go ahead with his investment with D.

D was a genuine company that had been in operation since 2008. At the time of Mr C's payment there was no negative information about D in the public domain that would have given Santander or Mr C reason to question the legitimacy of the investment. Mr C had also received contracts and documentation from D, which would have given Mr C and Santander further confidence it was legitimate. While D was not regulated by the FCA, and was operating from overseas, this wouldn't have been enough to give Santander cause for concern that it was a scam, nor do I think it would have deterred Mr C from making the payment.

While I appreciate Mr C considers Santander ought to have challenged him on the overall suitability of the proposed investment, I disagree.

Santander's primary obligation was to carry out Mr C's payment instruction without delay. It wasn't to concern itself with the wisdom or risks of his payment decisions. Santander didn't have any specific obligation to protect its customers from potentially risky investments. The investment in D wasn't an investment Santander was recommending or even endorsing.

Santander's role here was to make the payment that Mr C told it to make. Mr C had already decided on that investment. And I find that Santander couldn't have considered the suitability of a third-party investment product without itself assessing Mr C's circumstances, investment needs and financial goals.

Taking such steps to assess suitability without an explicit request from Mr C (which there wasn't here) would've gone far beyond the scope of what I could reasonably expect of

Santander in any proportionate response to a correctly authorised payment instruction from its customer.

As such, even if Santander had intervened in Mr C's payment to T, I don't think either party would have likely uncovered sufficient cause for that Mr C would have chosen not to proceed with the payment. As such, I don't think Santander could reasonably have prevented Mr C's loss.

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 28 October 2025.

Lisa De Noronha
Ombudsman