

The complaint

Mr M complains Santander UK Plc won't refund a payment he says was made without his authority by a scammer.

What happened

In early 2023, Mr M fell victim to a cryptocurrency investment scam. He says although he quickly realised he had been scammed, they continued attempting to contact him. In mid-2023, they told him his initial investment (of £250, which Mr M says had been refunded) was worth several thousand pounds. In December 2023, Mr M responded and was told he could withdraw his funds in £1,000 increments by setting up an account with "P" (a genuine cryptocurrency exchange/wallet provider).

As Mr M had difficulty setting up a P account, the scammer assisted him with this using remote access software. They then told him Santander would send him a One Time Passcode (OTP) which he should enter on P's website, claiming this was required under anti-money laundering rules. Mr M then saw a card payment of £1,000 had been sent from his Santander account to P – whereas he was expecting to *receive* a payment of this amount.

When Mr M reported the payment as fraudulent to Santander shortly after, he thought it hadn't gone through and so Santander would be able to block it. But the payment then went through. Santander paid him £100 compensation for any failings handling the claim. But it said it couldn't stop the payment – and that he was liable as the payment had been authorised by the OTP sent to Mr M's phone.

Unhappy with this response, Mr M referred the matter to our service. Our investigator didn't uphold it. In summary, they thought it was fair for Santander to treat the payment as authorised – as they thought the text containing the OTP had made it very clear a payment was being made. They also didn't think Santander had cause to complete further checks on the payment at the time, nor did they think it could have recovered the funds from P.

Mr M has appealed the investigator's outcome. In summary, he says:

- he thought the OTP was authorising a payment *to* his Santander account and never agreed for a payment to be debited;
- the payment looked suspicious, particularly given his demographic and P's connection to cryptocurrency, so Santander should have additionally texted him to check if he made the payment; and
- if it *had* texted him, he would have realised the scam and the payment would have been prevented.

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 decided not to uphold it. I appreciate this will be disappointing for Mr M, who has clearly lost out at the hands of the scammers. But having carefully considered all the circumstances, I'm not persuaded Santander is liable for his loss.

I've explained how I've reached this conclusion below. In doing so, I'm aware Mr M has provided detailed submissions to us about his complaint. While I can reassure both parties I've considered everything they've submitted, I haven't responded in the same level of detail. So, if I haven't mentioned a particular point or piece of information, that's not because I haven't considered it – it's just that I don't consider it necessary to reference it to explain my main conclusions. This isn't intended as a discourtesy; it's just a reflection of the informal nature of our service.

Is it fair for Santander to treat the payment as authorised?

The relevant law here is the Payment Services Regulations 2017 (PSRs). Broadly, in line with the PSRs, the starting position is that Mr M is liable for payments he authorises – and Santander is liable for unauthorised payments.

I've looked at the steps completed to make this payment. First, the card details and amount were entered on P's website. I accept that, given what we've been told by Mr M about what the scammers did (and particularly the use of remote access software), this may not have been done by Mr M. However, it's accepted he received, an entered, an OTP on P's website to complete the payment.

Mr M has provided a copy of the message containing the OTP. Looking at how it was set out, while I understand he was primed to think this would authorise a payment *into* his Santander account, I do think the message made it very clear that the OTP would authorise a £1,000 payment to P. In the circumstances – given the message Santander sent Mr M, and that he subsequently entered the code contained in this message on P's website to complete the payment – I think it's fair for Santander to treat the payment as authorised.

Are there any other reasons why it would be fair and reasonable for Santander to reimburse or otherwise compensate Mr M?

Santander has a duty to act on authorised payment instructions without undue delay. However, there are circumstances when it might be appropriate for Santander to take additional steps before processing a payment. Such as when there are grounds to suspect it presents a fraud risk. That might be the case if the payment is significantly unusual or uncharacteristic compared to the normal use of the account.

I've considered Mr M's arguments for why he thinks Santander should have been suspicious about the payment. I appreciate that, as he's highlighted, he's received more extensive checks on payments for lower amounts. But having carefully considered all the circumstances, I'm not persuaded it was unreasonable for Santander to have processed this payment without completing further checks.

The first thing I'd point out is that some level of checking was performed on this payment; Santander sent Mr M an OTP setting out the details of the payment. The fact this passcode was entered to complete the payment would reasonably have mitigated its risk profile; it made it seem less likely the payment was being made without Mr M's involvement or knowledge.

I appreciate Mr M didn't have a history of paying cryptocurrency merchants from this account, and that the payment was larger than most of his usual spending. However, I don't think the overall character or size of the payment look so unusual or suspicious that it was remiss for Santander to act on the payment instructions it raised. There were some instances of Mr M making payments for similar amounts. The payment didn't clear (or nearly clear) the available funds. And it was sent to a genuine merchant – who, from Santander's perspective, it seemed likely Mr M had confirmed he wanted to pay.

I have to think about what it's reasonable to expect from Santander, given the value and volume of payments it processes. I also agree with the investigator that it's not always going to be a concern for someone to send a payment to a new merchant for an amount that's slightly more than they generally spend. Overall, I don't think the payment looked so concerning that Santander should have known not to allow it without completing further checks. I therefore don't think it's at fault for not preventing the payment at the time.

I know Mr M reported his dispute shortly after the payment was initiated, and got the impression the payment would be stopped due to a block placed on the account. But as the payment steps had already been completed, Santander wouldn't have been able to prevent it from going through – even if it showed as 'pending' (which is common for card payments).

I don't think Santander could have done more to recover the payment either. For payments sent by card in this way, the available recovery option is the chargeback scheme. This is a voluntary scheme to attempt to resolve card payment disputes between the payee (here, Mr M) and the merchant paid (P). There are limited circumstances in which claims can be raised successfully – the rules of which are set and overseen by the card scheme provider rather than the bank.

Here, I can't see there were grounds for Mr M to claim successfully under the rules. While I accept the funds were lost to the scam, P is a genuine merchant who appears to have fulfilled the expected service by loading the funds to an account in line with the request it received. Unfortunately, it seems likely that, in "helping" Mr M set up the account, the scammers got access to this account and were able to move the funds on. In these circumstances, I don't think there were reasonable prospects to claim the funds back from P.

Santander paid £100 compensation to Mr M for its service looking into his fraud claim. As explained, I've not found that it reached an unfair decision – nor that it missed an opportunity to prevent, or recover, the loss. And while I appreciate this situation will have been very upsetting for Mr M, when looking at the upset caused by failings by Santander (rather than the actions of the scammers), I'm persuaded the compensation paid fairly reflects this; I don't think Santander needs to pay more.

I appreciate this will be disappointing for Mr M, who has lost out at the hands of the scammers. But what I'm looking at is Santander's role in what happened. Having carefully considered all the circumstances, I'm not persuaded Santander needs to do anything further to resolve 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 M to accept or reject my decision before 4 August 2025.

Rachel Loughlin

Ombudsman