

The complaint

Mr W complains that Santander UK Plc will not refund money he lost to a scam.

What happened

In July 2023 Mr W came across an investment opportunity online which purported to use AI for trading. He was interested and so submitted his details on an enquiry form. He was soon contacted by a representative of the investment company – which I'll call B – who talked him through how the investment worked. Mr W was reassured by what he had been told, and by what he had seen online about B, and so agreed to invest.

Mr W was encouraged to open an account at B, and an account at a cryptocurrency exchange to facilitate payments to B. He made an initial small investment, and B told him he had made good profits and should invest more. Over the next few weeks Mr W invested over £100,000 in the scheme from accounts he held at Santander and at two other banks. Unfortunately, and unknown to Mr W, the investment was not legitimate, he was being scammed.

Mr W made the following payments to the scheme from his Santander account, via the account he had opened at the cryptocurrency exchange.

Payment	Date	Amount
Payment 1	25/07/2023	£2,000
Payment 2	28/07/2023	£2,000
Payment 3	14/08/2023	£3,000
Payment 4	14/08/2023	£1,500
Payment 5	16/08/2023	£5,000
Payment 6	18/08/2023	£3,000
Payment 7	22/08/2023	£3,000
Payment 8	22/08/2023	£3,000
Payment 9	22/08/2023	£10,000
Returned payment	24/08/2023	£7,000

When Mr W was unable to withdraw any profits, and B continued to pressure him to pay more, he realised he had been scammed. Mr W ultimately did not send his final payment of £7,000 on to the scammer.

Mr W raised the payments as a scam with Santander, but it declined to refund his loss. It said that as the payments had been made to an account in Mr W's control, he was not entitled to a refund.

Mr W referred his concerns to our service, and one of our Investigators looked into what had happened. They considered that Santander should have intervened to determine the circumstances of the payments by the time of payment 5. They felt that, had it done so, then the scam would most likely have come to light and Mr W would not have made any further

payments. So, they recommended that Santander refund Mr W's loss from that point onwards, minus a deduction of 50% for Mr W's contributory negligence.

Mr W accepted these findings, Santander did not. It noted that Mr W had previously been the victim of a different investment scam, and so had been given detailed warnings about investment scams at that time that scam came to light. It also commented on funds Mr W had received into his Santander account after the scam, and reiterated that the loss had been from Mr W's cryptocurrency account, not his Santander account.

As no agreement could be reached this complaint was passed to me for review.

I issued my provisional findings on this case on 13 March 2025, explaining why I also felt Santander should bear some responsibility for Mr W's loss. Mr W accepted those provisional findings, Santander did not, it maintains that the loss was not from Mr W's Santander account and so does not consider it should share any liability for that loss.

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 my provisional decision I explained the following:

"It's not disputed that Mr W authorised the payments that are the subject of this complaint. So as per the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Mr W is responsible for them. That remains the case even though Mr W was the unfortunate victim of a scam. The payments in dispute here are also not covered by the Lending Standards Board's Contingent Reimbursement Model Code, as they were payments to Mr W's own cryptocurrency wallet.

Because of this, Mr W is not automatically entitled to a refund. But the regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams.

Taking the above into consideration, I need to decide whether Santander acted fairly and reasonably in its dealings with Mr W, or whether it should have done more than it did.

Mr W had held his Santander account for some time, but did not use it a great deal - in the year prior to the scam payments he had made only two payments out of the account, for relatively small amounts. The first scam payment was also identifiably going to an account associated with cryptocurrency. So, I do think that the first payment Mr W made to the scam from Santander was unusual enough to have merited some intervention, it was an out of character outgoing payment, for a moderately large amount, on a little used account, to a payee associated with cryptocurrency.

And I can see that Mr W did discuss this payment with Santander. I've listened to this conversation, and having thought carefully about what was said, I am satisfied that Santander acted reasonably during this call and in allowing the payment to go ahead. I say this because Mr W was clear in this call that no third party had any access to his cryptocurrency account or to his devices, he also explained that he was fully aware of the risks of investing in cryptocurrency and had not been promised any high or guaranteed returns. Santander suggested that Mr W do some more research to ensure he was happy

with the investment, and provided him with some warnings about possible hallmarks of scams – like being told to lie about what payments were for, or a third party having access to your investments.

Given that this initial payment was for a fairly moderate amount - £2,000 – and what Mr W told Santander during the call, I think it was reasonable at this stage for Santander to have allowed the payment to go ahead given the general warnings it had provided and what it knew at that stage. I don't think it would have been proportionate for Santander to have questioned Mr W in more detail at this time.

I think the next three payments would not then have caused Santander any particular concern, they were again for moderate amounts and were relatively spread out (payments 3 and 4 were around two weeks after payments 1 and 2). However, by the time of Payment 5, I think there was enough going on that Santander should have intervened again. Payment 5 was the third payment in two days to a cryptocurrency exchange, and was for a significantly higher amount, at £5,000. I think it would have been proportionate, at this stage, for Santander to contact Mr W again to ask some more probing questions about these payments.

I note that Santander did contact Mr W later on in the scam, on 25 August 2023. And from listening to that call it is clear that, by the end of it, Mr W had begun to question what he was doing in more detail. He said he would be trying to withdraw his profits before making any further investment, and I can see that he sent no further funds to the scammers after that point. As with the call on 26 July, Mr W was open and honest about what he was doing, I see no attempt by him to conceal his intentions or mislead Santander in any way.

With this in mind, I think it is likely that, had Santander intervened and spoken to him at the time of Payment 5 – and asked pertinent questions relating to investment scams such as whether Mr W had been able to withdraw any profits, exactly what the role was of the individual who was helping him to invest, and how this investment worked – then the scam would likely have come to light. I say this as there are various features of the scam Mr W fell victim to that I think would have rung significant alarm bells for Santander, and I've seen nothing to suggest that Mr W would have ignored or failed to act on a direct warning that he was likely being scammed.

I've taken account of Santander's comments that Mr W's loss was from his cryptocurrency account, and that it therefore feels it should not be liable for that loss. But my role here is to consider the complaint in front of me. And, in doing so, I have found that Santander did not act fairly and reasonably in the circumstances of this case. And whilst it is possible that Mr W may have cause to complain about the cryptocurrency exchange's role here, I am not persuaded it would be fair to reduce the award in this complaint solely for that reason. Mr W is entitled to complain only about Santander, and I am satisfied that Santander could have prevented some of the losses he suffered if it had acted fairly and reasonably.

In reaching my conclusions about what is fair and reasonable in this case, I have also considered whether Mr W should bear some responsibility for his loss. And, while there were some sophisticated aspects to this scam, I do think it would be reasonable to hold him partially responsible for his loss here. I say this because there were features of this scam – such as the supposed profits he was told about, and his existing awareness of investment scams following him falling victim to a different investment scam in 2022 – which I think should have caused Mr W concern, and led him to looking into the purported investment in more detail. With this in mind, I consider it reasonable for Mr W to bear joint responsibility for his loss.

So, in summary, I consider when Mr W made Payment 5, Santander could have done more to protect him from the risk of financial harm. Had Santander discussed that payment with Mr W, I'm persuaded it is more likely than not the scam would have come to light, and Mr W wouldn't have gone on to transfer any further funds to the scammer. But I consider that Mr W should also share some responsibility for his loss here."

The comments Santander has made in its response to my provisional decision about the point of loss were addressed in my provisional findings. So, I see no reason to depart from the findings set out above, I am satisfied that Santander should share responsibility for Mr W's loss from Payment 5 onwards.

Putting things right

To resolve this complaint, Santander UK Plc should:

- Refund 50% of payments 5 to 9;
- Pay 8% simple interest on this refund, from the date of each payment until the date of settlement.

My final decision

I uphold this complaint in part. Santander UK Plc should now put things right in the way I've set out above.

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

Sophie Mitchell
Ombudsman