

The complaint

Ms T complains that Santander UK Plc (Santander) won't refund money she lost in an investment scam.

What happened

What Ms T says:

Ms T was looking for ways to increase her income so that she could afford to provide for her two young children during the pandemic. She was a single mother. She clicked on a link on Instagram. She was then contacted by someone who turned out to be a scammer. He promised her substantial returns of £30,000 (without any risk) in a short period of time.

She went through ID and Know Your Customer checks; and the scammer set up a trading account for her. The investment firm website looked professional and genuine. She downloaded screen sharing software – so the scammer could guide her. She made an initial payment of euro250. She sent to following euro payments to a crypto wallet in her name, and then to the investment firm:

Date	Payment	Amount
17 May 2020	Debit card – crypto wallet	£230.26
21 May 2020	Debit card – crypto wallet	£461.15
24 May 2020	Debit card – crypto wallet	£443.32
26 May 2020	Debit card – crypto wallet	£595.72
29 May 2020	Debit card – crypto wallet	£921.26
30 May 2020	Debit card – crypto wallet	£972.33
31 May 2020	Debit card – crypto wallet	£540.67
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Total		£4,705

She was told, and could see that she was apparently making profits and was encouraged to put more money in. She was told this would lead to larger profits. Then, Ms T was told she needed to send more money – or her account would be deactivated. She then realised this was part of a scam and the investment firm was a fake. She reported it to Santander in December 2023.

As a result of the scam, Ms T feels vulnerable and has lost her confidence. She is fearful of trusting anyone or using online banking.

Ms T says Santander should've done more to protect her. The payments were out of character and were to new payees. The bank should've intervened but didn't. She says the bank should refund the money she's lost, plus interest at 8% per annum and compensation of £300.

What Santander said:

Santander didn't refund any money. The bank said the Contingent Reimbursement Model (CRM) code didn't apply as the payments were made by debit card.

Our investigation so far:

Ms T brought her complaint to us. Our investigator didn't uphold it and said that Santander did intervene on 18 May 2020 - and called Ms T. She was satisfied that the necessary warnings were given on the call, but Ms T still went ahead. Also, the value of the payments was low and so Santander couldn't reasonably have been expected to intervene.

Ms T didn't agree. Through a third-party claims firm, she said the bank was alerted to the scam in a call on 18 May 2020. So, the bank should've stopped all payments from then on, including referring her to a local branch and invoking the banking protocol. She asked that an ombudsman look at her complaint, and so it has come to me.

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.

I'm sorry to hear that Ms T has lost money in a cruel scam. It's not in question that she authorised and consented to the payments in this case. So although she didn't intend for the money to go to a scammer, she is presumed to be liable for the loss in the first instance.

So, in broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what is fair and reasonable in this case.

But that is not the end of the story. Taking into account the law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Santander should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

I need to decide whether Santander acted fairly and reasonably in its dealings with Ms T when she made the payments, or whether it should have done more than it did. I have considered the position carefully.

The Lending Standards Board Contingent Reimbursement Model Code (CRM Code) provides for refunds in certain circumstances when a scam takes place. But – it doesn't apply in this case. That is because it applies to faster payments made to a UK beneficiary – and in this case, the payments were made by debit card.

And while I accept this was a lot of money to Ms T, the payments in question were in fact fairly low value ones. There was also nothing else about the payments that ought reasonably to have concerned Santander. There's a balance to be struck: Santander has certain duties to be alert to fraud and scams and to act in their customers' best interests, but they can't be involved in every transaction as this would cause unnecessary disruption to legitimate payments. In this case, I think Santander acted reasonably in processing the payments.

That said, Santander did contact Ms T on 18 May 2020 – the bank stopped the payment and blocked her account. And as Ms T has raised the call in her complaint, I listened to it. I'm satisfied that the bank gave Ms T several warnings that the payment might be part of a scam and advised her what to do. I set out some of the conversation:

Santander's call handler said:

- She questioned why the payee was in Nigeria, not in the USA as Ms T had been told.
- She read out the Financial Conduct Authority's (FCA) warning about scams. She said to beware of typical scam characteristics – e.g. online promotions via social media; where high returns were being promised; professional looking websites; high returns were made to deceive customers; being encouraged to invest more money; claim the firm is registered in the UK, when they aren't; and being pressurised to invest more.
- The call handler said it was for Ms T to decide whether to go ahead or not but given what she had been told by Mr T, she should be careful - and not to invest if the firm wasn't registered on the FCA website. She said genuine firms don't advertise on social media.
- These were all characteristics of the scam Mr T was part of - but she still went ahead and made the further payments.

So, I don't consider that Santander needed to do any more than they already did.

Therefore, for the reasons I've outlined, I don't hold Santander as liable to refund any money to Ms T.

I note that the firm wasn't listed on the FCA website at the time – but was the subject of a warning published in April 2022.

Recovery: We expect firms to quickly attempt to recover funds from recipient banks when a scam takes place. I looked at whether Santander took the necessary steps in contacting the bank that received the funds – in an effort to recover the lost money.

And here, the funds went from the bank account to a crypto currency merchant and the loss occurred when crypto was then forwarded to the scammers. In this case, as the funds had already been forwarded on in the form of cryptocurrency there wasn't likely to be anything to recover. This is particularly relevant in this case – as Ms T didn't complain to Santander until December 2023 – more than three years after the scam took place.

Chargeback: The chargeback process is a voluntary one – customers are not guaranteed to get money refunded, and there are strict scheme rules in place by the card schemes (e.g. Visa and Mastercard) which govern chargebacks. In general terms, the chargeback can provide a refund where a customer has bought goods or a service which isn't provided or is not what was advertised. So – that isn't the case here. This was an authorised payment and a chargeback had no reasonable prospects of success.

Ms T has lost a lot of money. She's explained why the money was important to her, and the impact her losses have had. I was sorry to learn of her circumstances. She will therefore be disappointed by my decision, but I'm not going to ask Santander to do anything here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 12 May 2025.

Martin Lord
Ombudsman