

The complaint

Mr Y complains that Santander UK Plc ('Santander') declined to refund him approximately £2,000 which he lost as a result of a scam.

What happened

The circumstances surrounding this complaint are well known to both parties, so I will not go into every detail of what happened here. But in summary, in April 2024 Mr Y was contacted about an investment opportunity. He found the advisors he spoke to appeared knowledgeable and professional, and so was persuaded to start investing under their supervision. Unfortunately, it transpired that Mr Y had fallen victim to an investment scam.

Mr Y explained that he was contacted via social media about an upcoming investment opportunity. He thought that the company seemed legitimate and reputable. They went through different plans. He was attracted to the opportunity to receive high returns on his investment. He made the first two payments of £242 then £100 on two consecutive days in April. He was led to believe that the investment had grown significantly. He was told he would have to buy a card to withdraw his profits which came with a large fee, which led to him making two payments of £1,450 and £176 on the same day in May. The payments all went to a cryptocurrency exchange.

Mr Y said he realised he had fallen victim to a scam when he was asked for further sums of money to be sent his card to withdraw his funds. So, he reported his concerns to Santander.

Santander looked into what had happened and declined to refund Mr Y's losses. In summary, they said that they were following Mr Y's payment instructions, and that they were not liable to refund his losses. They said they were continuing to attempt to recover funds, but had not yet been successful in doing so.

Unhappy with their response, Mr Y brought his complaint to our service where one of our investigators looked into what had happened. They did not recommend that Mr Y's complaint be upheld, so they did not think it would be fair and reasonable to ask Santander to refund Mr Y's losses. They felt that even though the payments were recognisably going to cryptocurrency, the payments were not sufficiently unusual or out of character such that Santander ought to have recognised that they carried a heightened risk of financial harm at the time.

Mr Y remained dissatisfied. In summary, he said that:

- The full context of the scam was not taken into account
- There were limitations with the current regulatory framework to deal with how scammers are operating
- The payment of £1,450 was unusual for his account.
- If Santander had intervened, he would have been honest with them about the payments. He had only engaged with the scammers for 3 days so they had not built a strong rapport.
- He was an unwitting and blameless victim of a clever fraudster. He had no reason to doubt the authenticity of the company website at the start of the engagement with

the scammer.

As no agreement could be reached, the case has 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.

I would like to start by saying that I was sorry to read about the impact this cruel and callous scam has had on Mr Y. I can tell from the evidence that we have that this has had a significant impact on Mr Y, so I would like to start by offering my sympathies for what he has been put through.

My role here is to assess Santander's actions against what they should have done. And having done so, I do not think it would be fair and reasonable for me to hold Santander liable for Mr Y's losses. So, having considered everything, I am not going to uphold Mr Y's complaint. I do appreciate how disappointing this will be for him, but I don't think I can fairly say that Santander should reimburse him with the money that was unfortunately lost to the scammers. I'll explain why.

There is no dispute that the transactions were 'authorised' payments, even though Mr Y was the victim of a sophisticated scam. Mr Y made the payments himself, and under the relevant regulations and the terms and conditions of her account, Mr Y is presumed liable for the payments in the first instance.

But I've also taken into account the law, regulator's rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time. In this case, this does not include the Lending Standards Board Contingent Reimbursement Model ('CRM') Code as these payments were not covered. But based on the other relevant rules relating to authorised push payment scams, I think 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 and out of character transactions or other signs that might indicate that its customers were at risk of fraud (amongst 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 made 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.

So, I consider that as a matter of good practice, Santander should have been on the lookout for unusual and out of character transactions and where necessary, taken proportionate interventions. The scam payments were recognisably going to cryptocurrency. I do appreciate that this does represent an increased scam risk to payments made in GBP, but this in and of itself does not mean that Santander ought to have intervened with these payments. I say this because the individual payment amounts were relatively low, and did not follow a pattern that was so unusual as to be indicative that Mr Y was falling victim to a scam. Banks such as Santander have a delicate balance to strike when deciding whether to intervene with payments. And whilst a payment of £1,450 may seem unusual to Mr Y, I have to bear in mind that Santander will process many legitimate

payments to cryptocurrency of this kind of amount of money. There has been an increased popularity in cryptocurrencies and so it is not uncommon for individuals to invest in these type of assets. So, I do not think Santander ought to have recognised these payments as carrying a significant risk of fraud or financial harm, such that they ought to have intervened with the payments. And so it follows, it would not be fair and reasonable to ask Santander to reimburse Mr Y's losses.

Mr Y also made some comments about the limitations of the current regulatory framework and the levels of protection it offers victims of scams. I am afraid this is not something I can comment on – this would be a matter for the regulator.

I've also thought about Santander's attempts to recover Mr Y's funds, and am satisfied they did notify the receiving business in a timely manner. Unfortunately no funds were returned as no funds were available in the receiving accounts. Santander did consider a section 75 and chargeback claim, but these payments did not meet the relevant criteria to obtain a refund in this manner.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 8 October 2025.

Katherine Jones
Ombudsman