

## **The complaint**

Mr J complains that Santander UK Plc ('Santander') won't refund the money he says was lost as the result of a scam.

## **What happened**

Mr J invested with a company I'll refer to as B. Mr J made two payments from his Santander account as part of the investment. The first payment was made in February 2019 and went through a third-party company I'll refer to as R. The second payment was made in May 2021 and went to a third-party company I'll refer to as N.

Mr J believes the investment was a scam.

In February 2024, Mr J raised a fraud claim with Santander, through a professional representative. Santander looked into Mr J's fraud claim but declined to refund him. Santander said Mr J has a civil dispute with B.

Mr J wasn't happy with Santander's response, so he brought a complaint to our service.

An investigator considered Mr J's complaint but didn't recommend that Santander refund him. The investigator explained that the first payment was made prior to the introduction of the Contingent Reimbursement Model Code (CRM Code) and the CRM Code doesn't apply to the second payment as Mr J hasn't evidenced that B was operating a scam. The investigator wasn't satisfied that intervention by Santander would've prevented Mr J's loss.

Mr J disagreed with the investigator's opinion and raised the following points:

- He was given limited formal documentation or sales literature about B.
- There is no evidence that B was offering a legitimate investment.
- Santander should've intervened and questioned him when the payments were made. By not doing so, they failed to protect him.

As the case couldn't be resolved informally, it was passed to me for a decision.

## **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 deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities. In other words, on what I consider is more likely than not to have happened in light of the available evidence.

In broad terms, the starting position in law is that Santander are expected to process payments that a customer authorises it to make, in accordance with the terms and conditions of the customer's account and the Payment Services Regulations (PSR's).

The CRM Code was introduced in May 2019, after the first payment Mr J made. The CRM Code can't be applied retrospectively, so Mr J's first payment isn't covered by it.

#### Is Mr J's second payment covered by the CRM Code?

Santander are a signatory of the CRM Code, which requires firms to reimburse customers who have been the victims of Authorised Push Payment (APP) scams, in all but a limited number of circumstances.

But the CRM Code defines what is considered an APP scam as, "where the customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent".

In order to decide whether the circumstances under which Mr J made his second payment meets the definition of an APP scam, I need to consider:

- The purpose of the payment and whether Mr J thought this purpose was legitimate.
- The purpose the recipient (B) had in mind at the time of the payment and whether this was broadly in line with what Mr J understood the purpose to be.
- And, if I decide there was a significant difference in these purposes, whether I'm satisfied that was as a result of dishonest deception.

Mr J was making the second payment to N as part of an investment with B. I haven't seen anything that would suggest Mr J didn't think this was a legitimate purpose.

So, I've gone on to consider what purpose B had in mind and whether it was in line with what Mr J thought.

Mr J hasn't provided any evidence that shows B were operating a scam and weren't offering a legitimate investment. He also hasn't proved that N didn't forward his funds, or invest his funds, with B as agreed.

B were set up as a UK company in 2016 and only went into liquidation in 2024. There is no evidence explaining why they went into liquidation, what investors' funds were used for, or showing dishonest deception used in obtaining investors' funds. Without this evidence, I can't fairly say that B didn't use Mr J's funds for the intended purpose (investment) or that they obtained them through dishonest deception.

So, Mr J's second payment doesn't meet the definition of an APP scam and isn't covered by the CRM Code.

It's possible that material new evidence may come to light at a later date, for example, from the liquidator, which shows Mr J's funds weren't used for the intended purpose. If that happens, Mr J can ask Santander to reconsider his claim.

Is there any other reason I could hold Santander liable for Mr J's loss?

At the time Mr J made his payments, I'd expect Santander to have 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). And where a potential risk of financial harm is identified, to have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – as in practice all banks do.

However, even if Santander had intervened at the time Mr J made his payments, I'm not satisfied that this would've prevented his loss. I say this as I'm not satisfied that questioning by Santander would've suggested that Mr J might be at risk of financial harm from fraud.

Mr J was using two separate genuine UK companies to make his payments to B. There was no information available at the time about R or N that suggested they weren't operating legitimately.

Mr J has very limited information from B about the investment. But I can see that between 2019 and 2021 when Mr J made his payments, there were positive reviews online about B which appear to have been posted by investors. I haven't seen any negative information that would've been available that suggested that B weren't offering a legitimate investment.

So, even if Santander had asked questions, I'm not persuaded that they should've been concerned or that they could've fairly refused to following Mr J's payment instructions.

I realise that Mr J has lost a substantial amount of money, but I'm not satisfied that I can fairly hold Santander liable or ask them to refund him.

**My final decision**

My final decision is that I don't uphold this complaint against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 7 October 2025.

Lisa Lowe  
**Ombudsman**