

The complaint

Mr M complains that Santander UK Plc ('Santander') won't refund the money he lost after falling victim to an investment scam.

What happened

Mr M says he was contacted about an investment opportunity. As a result, he made two international payments from his Santander account.

The payments were made on 15 October 2024, for £1,614.67 and £1,291.28. Both payments were made to an individual payee who I'll refer to as B. Mr M incurred two fees of £25 for the payments.

When Mr M was unable to withdraw his investment, he realised it was a scam. So, he raised a fraud claim with Santander through a professional representative.

Santander declined to refund Mr M saying the APP scam reimbursement (ASR) rules don't cover international payments, so they're not liable for his loss.

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

An investigator looked into Mr M's complaint but didn't uphold it. The investigator wasn't satisfied that Santander should've intervened when the payments were made, so felt they aren't liable for Mr M's loss.

Mr M disagreed with the investigator's opinion saying that he is entitled to a refund under the update made to the CRM Code in October 2024.

The investigator explained to Mr M's representative that the CRM Code doesn't apply to payments made after 7 October 2024. And that the new ASR rules, which were introduced on 7 October 2024, don't cover international payments.

Mr M still disagreed and asked for an ombudsman to review his case. Mr M says he was manipulated into making the payments, which were unusual and out of character because "they involved an individual rather than a typical investment channel".

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, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

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 (in this case the 2017 regulations) and the terms and conditions of the customer's account.

It's not in dispute that Mr M authorised these payments, although he did so not realising he would suffer a financial loss.

Why the CRM Code and ASR rules don't apply to Mr M's payments

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. However, the CRM Code only covers faster payments or CHAPS payments, it doesn't cover international payments. Also, it doesn't apply to payments made after 7 October 2024, and Mr M's payments were made on 15 October 2024.

The APP scam reimbursement rules (ASR) were introduced on 7 October 2024 by the Payment Services Regulator and replaced the CRM Code. The ASR rules say:

3.3 The new reimbursement requirement does not apply to:

- payments made before 7 October 2024
- international payments

*there are other exceptions listed but they don't apply to this case.

So, Mr M's international payments aren't covered by either the CRM Code or the ASR rules.

Can I fairly hold Santander liable for Mr M's loss?

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 preventing fraud and scams.

Also, 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.

But Santander has to find a balance between identifying potentially concerning payments and taking appropriate action, while ensuring minimal disruption to legitimate payments.

I'm not satisfied that Santander should've identified a potential risk of financial harm from fraud when Mr M made these payments. I say this taking into account the size of the payments, the information available to Santander when the payments were made, and Mr M's previous account activity.

I realise this is a lot of money for Mr M, but these payments weren't sufficiently large in size that I think Santander should've flagged them as concerning. Also, the fact that they were international payments, by itself, isn't enough to say they were so unusual and out of character Santander should've intervened. So, I'm not satisfied that Santander should've identified an APP scam risk when the payments were made or contacted Mr M to discuss them.

Mr M suggests that Santander should've been concerned that he was making payments related to an investment to an individual payee. However, these were international payments that were made online. So, Santander would only have uncovered that they related to an investment if they had called Mr M to discuss them. And, for the reasons given above, I'm not satisfied that I would've expected Santander to have intervened and called Mr M.

On that basis, I'm not satisfied that Santander should've prevented Mr M's loss.

Recovery of funds

When Mr M raised his fraud claim with Santander, they contacted the beneficiary bank to try and recover his funds. Unfortunately, no funds were returned. As overseas banks aren't subject to UK rules and regulations, Santander are reliant on the bank deciding to return the funds.

I really sorry to disappoint Mr M, but I'm not satisfied that Santander acted unreasonably in following his payment instructions or that they can fairly be held liable for his loss.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 11 December 2025.

Lisa Lowe
Ombudsman