DRN-5595505

The complaint

Mr P and Mrs P complain that Santander UK Plc won't refund the money Mr P lost when he fell victim to a lottery ticket scam.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr P explains he is vulnerable, as he is retired and in remission after a serious illness.

Mr P describes the following events that took place on 10 March 2025:

- He was approached in the street by Person A (the scammer) who said he was looking for the address of a solicitor as he was an illegal immigrant and wanted to claim the money he'd won on a lottery ticket.
- Within minutes he and Person A were approached by Person B (another scammer) who joined in the conversation and, after scanning the lottery app on his mobile phone, confirmed it was a winning ticket worth £1.9 million.
- He was ushered towards a car and feeling intimidated and controlled he got in. In the car Person B called Person C (another scammer) who made himself out to be a lottery official. Person C confirmed it was a winning ticket and said it could be claimed on presentation of identity.
- It was then suggested that Mr P and / or Person B could claim the money on Person A's behalf and share the winnings. This was agreed on the proviso Mr P and Person B put down a cash guarantee.
- Person B disappeared for a few minutes and returned with a bag that Mr P thought contained cash.
- He felt pressurised to withdraw cash and was driven to a Santander branch where he withdrew £5,000 in cash. Person A and / or B told him to say the cash was for building work.
- When Mr P returned to the car he was told this wasn't enough and was then driven to another bank (Bank B) where he withdrew another £5,000.
- At this point, with his cash in the car, Person A suddenly became ill, and Mr P was asked to get medicine from the chemist. He went to do this, and then Person A and B drove off with his cash.

Mr P informed the police and complained to Santander and Bank B seeking a refund of his £10,000 loss. This is because he feels they didn't apply adequate checks or safeguards to protect him as a vulnerable customer. As he was under pressure from scammers, he feels that if their staff had raised any concerns or given warnings or advice about the possibility of a scam, he may have reconsidered.

Bank B provided him with a refund, but Santander didn't. In their response Santander explained that:

- *'This claim does not fit into the definition that is appropriate to be reviewed under the Contingent Reimbursement Model (CRM). CRM was introduced on the 28th of May 2019 and applies only to payments made on or after its introduction and prior to the 7th of October 2024, when new regulations replaced it, as unfortunately cash withdrawals are not covered'.*

Mr P was dissatisfied with Santander's response. Having received a payment from Bank B he questions the consistency here. Also, he thinks Santander's refusal is because they are under the mistaken belief that he has other accessible savings.

Mr P brought his complaint to our service, but our investigator didn't think Santander should've reasonably been expected to prevent the scam.

As Mr P remains dissatisfied his complaint has been referred to me to look at.

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.

Having done so, my decision is to not uphold this complaint, and I'll explain why.

I should first say that:

- I'm very sorry to hear of Mr P's health issues and that he has been the victim of this cruel scam and lost a significant amount of money here.
- Although Santander is a signatory of the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code which requires firms to reimburse customers who have been the victim of a scam in some circumstances, unfortunately this code doesn't apply to cash payments.
- As the scammers were paid in cash recovery would only be possible through a police investigation and I note Mr P has reported this matter to the police.
- In making my findings, I must consider the evidence that is available to me and use it to decide what I consider is more likely than not to have happened, on the balance of probabilities.

<u>Payment Services Regulations 2017 (PSR)</u>

Under the Payment Services Regulations 2017 (PSR) and in accordance with general banking terms and conditions, banks should execute an authorised payment instruction without undue delay. The starting position is that liability for an authorised payment rests with the payer, even where they are duped into making that payment. Mr P doesn't dispute that he made the cash withdrawal, so it is considered authorised.

However, in accordance with the law, regulations and good industry practice, a bank should be on the look-out for and protect its customers against the risk of fraud and scams so far as is reasonably possible. If it fails to act on information which ought reasonably to alert a prudent banker to potential fraud or financial crime, it might be liable for losses incurred by its customer as a result.

Firms do have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm, against the risk of unnecessarily inconveniencing or delaying legitimate transactions.

I consider Santander should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks such as anti-money laundering and preventing fraud and scams.
- 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). 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.

Also, from July 2023 Santander had to comply with the Financial Conduct Authority's "Consumer Duty" which required financial services firms to act to deliver good outcomes for their customers. Whilst the Consumer Duty does not mean that customers will always be protected from bad outcomes, Santander was required to act to avoid foreseeable harm by, for example, operating adequate systems to detect and prevent fraud. Santander was also required to look out for signs of vulnerability.

With the above in mind, I considered the following:

Should Santander have recognised that Mr P was at risk of financial harm from fraud?

From reviewing Mr P and Mrs P's transactions, I found that it wasn't unusual for cash to be withdrawn from the account. In the previous six months six withdrawals had been made and although not as large as the 10 March 2025 transaction, £1,200 was withdrawn on 30 September 2024 and £700 1 February 2025. So, I don't think Santander should've seen a cash withdrawal as unusual activity and been suspicious. Also, a very large payment for £124,000 had recently gone out of the account so £5,000 wouldn't have stood out.

It isn't possible to know if Mr P showed physical signs of being distressed that Santander staff should've picked up on when he was at the branch. From reading Mr P's description of events, although I'm persuaded that the scammers were controlling and applied pressure for him to get into the car and withdraw cash to pay a guarantee, I'm not persuaded that he physically forced and dragged into the car and that Santander would've seen any signs he was fearful. I say this because:

- Mr P didn't call the police or ask Santander to do this on his behalf despite him being alone with them.
- The force described by Mr P isn't mentioned in his subsequent report to the police.
- Mr P says he *'genuinely believed their story',* the scammers made him feel he was involved '*in something big'* '*a once-in-a-lifetime opportunity'* and he had to '*act quickly to avoid missing out'* as he *'was going to receive a life-changing sum of money'.*
- Mr P's expectation was that, if he took out cash to pay a guarantee, he would receive a considerable monetary benefit from the scammers' plan to deceive a lottery company about the winners.

Although I think, at the time of the cash withdrawal, Mr P was under the spell of the scammers, not thinking clearly and likely to be feeling anxious, I think it more likely than not (from Mr P's above comments) that he wanted the cash when he visited the Santander branch and would've been trying not to show his anxiety to avoid refusal and a missed lifetime opportunity.

So, in addition to a cash withdrawal not being an unusual occurrence here, I think it unlikely that Santander would've seen any obvious signs that Mr P was fearful and acting under duress. Also, I think it would’ve been difficult for them to realise he wasn’t telling them the truth about needing the cash for building work and was at risk of financial harm.

<u>What did Santander do to warn Mr P and check he wasn’t at risk of financial harm?</u>

I’m satisfied Mr P has a vulnerability, but I can’t see that in March 2025 Santander were aware he was in remission following a serious health issue.

Although I don’t think the cash transaction stood out as being suspicious or unusual, and I wouldn’t ordinarily expect a banking intervention, as Mr P was paying in cash the file shows that Santander did give him advice, warnings and asked key protection questions.

But, due to Mr P not telling Santander the true reason for his cash requirement, they were prevented from using the correct scripts. The script Santander used were about building work and unfortunately the false information they were given meant they couldn’t assess or warn Mr P about the risks of being approached by strangers in the street and making a cash payment in order to obtain a share of a supposed lottery win.

So, although I have empathy for Mr P’s experience and loss, I don’t think it would be fair and reasonable to hold Santander responsible for not giving him relevant warnings and not having unravelled the scam.

As Mr P received a refund from Bank B I understand him thinking there is an inconsistency and Santander have treated him unfairly. However, withdrawal circumstances and banks’ approaches can differ, and for the reasons mentioned above I don’t think Santander’s refusal decision is unfair.

Although I recognise Mr P feels Santander’s decision to refuse his refund claim is due to them thinking he has accessible savings, there isn’t any evidence to say that this is the reason and, from reviewing the file, I’m satisfied their refusal reasoning is fair.

I’m sorry to disappoint Mr P but having considered the above and all the information on file, whilst I empathise with his loss, I’m not upholding this complaint.

My final decision

For the reasons mentioned above my final decision is to not uphold this complaint against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr P and Mrs P to accept or reject my decision before 28 August 2025.

Paul Douglas
Ombudsman