

## **The complaint**

Mr B complained because Santander UK Plc refused to refund him for payments he said he hadn't authorised.

## **What happened**

On 25 August 2024, Mr B checked his Santander account. There were nine £30 payments to a betting site. Mr B had an account with the betting site, but said he hadn't made those nine payments totalling £270. He also told Santander that he still had his phone. The payments had been made using a digital token set up on Mr D's phone.

Santander told Mr B to contact the betting site, and if the betting firm could provide any evidence that the payments hadn't gone to Mr B's betting account, he should get back in touch with Santander.

But when Mr B contacted the betting firm, and told them about the disputed payments, the betting firm closed his account. Mr B said that as the account was closed, the betting firm wouldn't give him any information about transactions on the account. He said he spoke to the betting firm five times, but it kept saying he should contact Santander. Santander told Mr B he'd need to contact the betting firm, so Mr B said he felt pushed from pillar to post. He believed the money hadn't gone into his own betting account but some phantom account created by a fraudster.

Santander removed the digital token on Mr B's account, which had been used to make the payments. It cancelled his debit card and issued a replacement. But it didn't agree to refund Mr B. Mr B complained.

Santander sent Mr B its final response on 26 September. It said it had been in touch with the betting firm, but due to the evidence the betting firm had sent, it had declined Mr B's claim.

Mr B wasn't satisfied and contacted this service.

Mr B told our investigator that no-one else had access to his phone or card, which were still in his possession. He said he'd tried to ask the betting firm where the money had gone, but it wouldn't tell him. He said he couldn't find out because the betting firm had closed his account when he'd said there had been a fraud on the account. Mr B said there was also an account with the betting firm in his wife's name, which he used. He wanted to know where the money had gone, and said it wasn't so much about the money, but Santander saying he'd been fraudulent.

The investigator asked Santander for more information. Among other things, she asked for:

- Online banking logs from July 2024 onwards;
- Evidence showing the betting firm's confirmation of the account name to which the disputed transactions went (ie was it to an account in Mr B's name);
- Evidence showing how the payments were authenticated;
- Evidence showing the IP addresses of genuine spend and the disputed transactions;
- Evidence of the device, or devices, used to carry out the disputed transactions;

- Evidence of the device, or devices, used to carry out genuine online spend.  
Santander didn't send this information, though the investigator asked a number of times.

Our investigator didn't uphold Mr B's complaint. She said someone would have had to access his phone to make the disputed payments – but Mr B had said his phone was never out of his possession, and no-one else knew the passcode. Mr B had also made genuine debits to the betting firm, and there were also credits from the betting account back to his Santander account. The investigator recognised that Mr B wanted proof that the money had credited a betting account in his name, but the investigator said what mattered was that Mr B had authorised them. So he was liable and Santander didn't have to do anything more.

Mr B didn't agree. He said he was feeling very upset and it was causing him problems with his health and wellbeing. He'd tried to contact the betting firm, and they wouldn't give him information because the account had been closed. He said that somewhere there was £270 of his money. He said that all he was asking was for proof that the payment went to the betting firm account. If it did, the betting firm could pay it back into his Santander account – and if it didn't, surely it proved Mr B had been defrauded. He said surely the simple answer was for Santander to ask the betting firm whether the payments went there or not. He said he hadn't done anything fraudulent and wanted this proving.

The investigator asked Santander if it had evidence from the betting firm about where the money had gone. Santander replied to say it would forward it if it still had the betting firm's response. But it didn't reply further.

Mr B was unhappy about this. He said only Santander could get the evidence about where the money had gone, as the betting firm wasn't willing to tell him. He said he was a long-term Santander customer and felt this was a disgrace. He said the money wasn't the issue as much as Santander believing he'd been fraudulent.

Mr B asked for an ombudsman's decision.

### **My provisional findings**

I issued a provisional decision on this complaint. This was because I'd come to a different conclusion to the investigator. Issuing a provisional decision gave both sides the opportunity to comment on it, by the date set, before I issued a final decision.

Before issuing the provisional decision, I considered all the available evidence and arguments to decide what would be fair and reasonable in the circumstances of this complaint.

#### *What the Regulations say*

In my provisional decision, I explained that there are regulations which govern the outcome of disputed transactions cases. The relevant regulations are the Payment Services Regulations 2017.

There are two stages when considering disputed transactions. The first stage is authentication. Authentication is the technical process. This comes first and is essential before going on to consider whether or not the customer authorised the payments. Authentication is set out in Section 75, which says:

*“Evidence on authentication and execution of payment transactions*

**75.—(1) Where a payment service user—**

*(a) denies having authorised an executed payment transaction; or*

*(b)claims that a payment transaction has not been correctly executed, it is for the payment service provider to prove that the payment transaction was authenticated, accurately recorded, entered in the payment service provider's accounts and not affected by a technical breakdown or some other deficiency in the service provided by the payment service provider."*

Here, the "payment service user" is Mr B, and the "payment service provider" is Santander. So the regulations say that Santander has to meet the requirements of section 75 and provide the relevant evidence about the disputed payments, as the first stage.

If the payment service provider supplies this essential first stage information, the regulations then set out the rules about the second stage, authorisation. Authorisation is about consent, and who carried out the transaction. The same Regulations say, in general terms, that the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them. But authentication, the technical part of the payments, has to be proved first.

#### *What this means for Mr B's complaint*

Authentication, the technical part of a payment, has to be proved by the payment service provider. In my provisional decision I explained that here, Santander hadn't provided evidence that the disputed payments were authenticated. Nor in fact had it provided the requested evidence about the next stage, authorisation. I could see that our investigator requested the necessary information on a number of occasions, and she was clear about what was required.

As Santander hadn't provided the necessary evidence, it hadn't satisfied the requirements of the Payment Services Regulations 2017 and would be liable for the disputed payments.

So my provisional decision was that I intended to uphold Mr B's complaint. But I said that it was very important to point out that this was a provisional decision – and it was very much a technical decision, based on Santander's failure to provide the essential first stage information required by the Regulations. I couldn't go on to consider authorisation without that information.

Provisional decisions are intended to give both sides an opportunity to provide further comments and any other information, before a decision becomes final. So I said that the final decision could be different from this, depending on what I received, and I set out again the information I required from Santander.

#### **Responses to my provisional decision**

Mr B didn't reply to my provisional decision.

Santander replied, and it sent technical information which satisfied me that the payments were authenticated.

#### **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 recognise that what Mr B wants to know is which account at the betting firm the disputed payments went to. He said that he wants proof that it went to his own account with the

betting firm, as he believes it went to a fraudster's account. But my role is to determine whether or not Santander has to refund Mr B.

The relevant regulations which govern disputed transactions are the Payment Services Regulations 2017. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them. So what determines whether or not Santander has to refund Mr B, is whether Mr B, or a third party fraudster unknown to him, authorised the payments. To decide this, I've considered what's most likely to have happened, based on all the evidence available to me.

Mr B's evidence is that his phone was always in his possession, and he's the only person who had access to this phone, or knew his passcode to it. He also said no-one else had access to his debit card, and this too was in his possession at the time of the disputed transactions.

The technical evidence provided by Santander shows that Apple Pay, set up on Mr B's registered phone, was used to make the disputed transactions. This was the same as genuine transactions which Mr B made from his Santander account. The technical evidence also shows the device ID, and that Mr B logged in at the same time that the payments were made.

As Mr B said he had his phone and debit card, and no-one else had access or knew his passcode, I can't see how anyone other than Mr B could have authorised the disputed transactions. So I don't uphold his complaint.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 14 July 2025.

Belinda Knight  
**Ombudsman**