

The complaint

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

What happened

In 2024, Mr B found someone on a social media app who was offering a horse betting service. I'll refer to the person offering the service as S.

Mr B made an initial payment of £300 on 28 September 2024, for a one-year subscription of the service.

After he made the payment, Mr B says S didn't respond to his messages for over 6 hours. So, Mr B contacted S and suggested that he'd been the victim of a scam and would be contacting the authorities to report S. In response, Mr B says S threatened him, so Mr B apologised.

Mr B was told that the betting service required him to place all his bets through S, which Mr B says wasn't disclosed up front.

Mr B made a payment of £500 on 30 September 2024 to S. Mr B says he did this to keep S happy. Mr B says he felt obliged to send further payments of £200 on 5 October 2024 and £500 on 13 October 2024 as S threatened Mr B and his family.

On 14 October 2024, Mr B contacted Santander and raised a fraud claim, asking that they refund him. Santander said Mr B wasn't entitled to a refund under the Contingent Reimbursement Model Code (CRM Code) or the Authorised Push Payment (APP) scam rules which came into effect on 7 October 2024. Santander said Mr B has a civil dispute with S.

Mr B wasn't happy with Santander's response, so he brought a complaint to our service. An investigator looked into Mr B's complaint but didn't uphold it. The investigator said Mr B hadn't evidenced that he was the victim of the scam, or that his funds weren't used for the intended purpose.

Mr B disagreed with the investigator's opinion and asked for an ombudsman to review his case.

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 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.

Having carefully reviewed the evidence, I've reached the same answer as the investigator. I'll explain why.

Is Mr B entitled to a refund under the CRM Code?

Santander was signed up to the Lending Standards Board's voluntary Contingent Reimbursement Model ('CRM Code'), which was in force at the time the first three payments were made. Under the CRM Code, the starting principle is that a firm should reimburse a customer who has been the victim of an Authorised Push Payment ('APP') scam.

The CRM Code covers payments made where *"the customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or the customer transferred the funds to another person for what they believed were legitimate purposes but which were in fact fraudulent"*.

Here, I'm not satisfied that Mr B was deceived into transferring the funds to another person. Mr B made the payment to S, the money went to an account in S' name and S was offering the betting service.

I'm also not satisfied that Mr B has evidenced that he transferred the funds for a fraudulent purpose.

We've received evidence from the receiving bank, where Mr B sent his funds. I can't share this information under data protection laws, but it doesn't support that Mr B's funds weren't used for the agreed purpose.

Mr B has provided very limited evidence as to what he agreed with S and what the terms of the betting service were. I appreciate that he is unable to recover the messages he exchanged with S, but I'm not satisfied based on the evidence he's shared that his first three payments are covered by the CRM Code – or that he's entitled to a refund under it.

Is Mr B entitled to a refund on the last payment under the APP scam rules?

The Faster Payment Scheme Reimbursement Rules ("Reimbursement Rules") came into force on 7 October 2024 and apply to all UK-based Payment Service Providers (PSPs). They put a requirement on firms to reimburse APP scam payments made via the Faster Payments Scheme, in all but very limited circumstances.

The Reimbursement Rules set out the requirements for a payment to be covered. Of relevance here:

- It must have been made as part of an APP scam (whether to a recipient or for a purpose other than the payer intended);

An APP scam is further defined as where fraudulent deception was used to obtain the funds where:

- The recipient is not who the Consumer intended to pay, or
- The payment is not for the purpose the Consumer intended

For the same reasons previously given in relation to the CRM Code, I'm not satisfied that Mr B's last payment is covered by the Reimbursement Rules.

S was the intended recipient and was the person who received the funds. And, I haven't seen evidence that persuades me Mr B's funds weren't used for the intended purpose. So, I'm not satisfied that Mr B is entitled to a refund under the Reimbursement Rules.

Is there any other reason I could ask Santander to refund Mr B?

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.

In this case, taking into account the size of the payments, the spacing between the payments and the combined value of the payments – I'm not satisfied that Santander should've identified a potential risk of financial harm from fraud or intervened when Mr B made the payments. On that basis, I can't fairly say Santander should've prevented Mr B's loss.

Recovery of funds

Santander promptly reported the scam to the receiving bank, but by the time Mr B reported the scam, the funds had left the account. So, Santander were unable to recover his funds.

I'm really sorry to disappoint Mr B, but I'm not satisfied that I can fairly ask Santander to refund him.

My final decision

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

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

Lisa Lowe
Ombudsman