

The complaint

Mr K complains to Santander UK Plc.

He says that he has fallen victim to a scam and would like Santander to refund him.

What happened

Between November 2018 and June 2020, Mr K made payments totalling £62,517.98 to a company called B (an investment platform allowing consumers buy shares in building projects). The investment was for a building project 'E' – being developed by a company 'L'.

Mr K made the following payments via B for the investment

- 5 November 2018 - £12,517.98
- 12 November 2018 - £20,000
- 12 November 2018 - £20,000
- 8 November 2020 - £10,000

Mr K didn't hear from B or E/L again until 2022, when B emailed Mr K to explain that Mr K had suffered a loss.

Mr K now says that the payments made to B were as a result of an Authorised Push Payment (APP) scam and made a complaint to Santander.

Santander didn't uphold Mr K's complaint, so it was brought to this Service.

Our Investigator looked into things, but didn't think that the complaint should be upheld, so Mr K asked for an Ombudsman to make a final decision, and the complaint has been passed to me.

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, I have decided not to uphold this complaint. I know this will be disappointing for Mr K, and I am very sorry for the situation they he finds himself in and fully understand that he would want to attempt to recover the money that has been lost. But I need to decide whether Santander can fairly and reasonably be held responsible for this.

It isn't in dispute that Mr K authorised the payments he made to B. Because of this the starting position – in line with the Payment Services Regulations (PSR's) 2017 – is that he is liable for the transactions. But he also says that he has been the victim of an authorised push payment (APP) scam.

Mr K made payments one to three prior to the Lending Standards Contingent Reimbursement Model Code (CRM Code) coming into force, so it doesn't apply to these payments.

However, this doesn't alter the fact that at the time, Santander should also have been on the look-out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things) though. And, in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment.

Looking at the amount of the payments, I think that arguably there was justification for Santander to have got in touch with Mr K before processing them. However, in order for me to uphold this complaint, I would have to think that an intervention would have prevented the payments, and I don't think it would.

Had Santander contacted Mr K about what he was doing – I think he would have told them that he was making an investment, and that he had authorised the payment. Mr K had been provided paperwork from B regarding the agreement he was entering into, and I don't think that Santander would have had any concerns about what he was doing.

Santander's role here was to make the payment that Mr K told it to make. And I find that Santander couldn't have considered the suitability or unsuitability of a third-party investment product without itself assessing Mr K's circumstances, investment needs and financial goals.

Taking such steps to assess suitability without an explicit request, would've gone far beyond the scope of what I could reasonably expect of Santander in any proportionate response to a correctly authorised payment instruction from its customers.

Payment four was made via faster payment, and as Santander has signed up to the voluntary CRM Code, which provides additional protection to scam victims, I have considered this payment in line with the Code.

Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances). But the CRM Code only applies if the definition of an APP scam, as set out in it, is met.

I have set out the definition of an APP scam as set out in the CRM Code below:

... a transfer of funds executed across Faster Payments...where:
(i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or
(ii) The Customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent.

The CRM Code is also explicit that it doesn't apply to private civil disputes. The wording in the code is as follows:

"This Code does not apply to:

b) private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier.”

I've therefore considered whether this payment Mr K made to B falls under the scope of an APP scam as set out above. Having done so, I don't agree that it does. I'll explain why in more detail.

I am satisfied that the first point does not apply here – Mr K intended to pay B, and the evidence shows that it was B that received it. I've then considered if Mr K's intended purpose for the payments was legitimate, whether the intended purposes of Mr K and B were broadly aligned and, if not, whether this was the result of dishonest deception on the part of B.

Mr K's representative say that B was operating as a scam, and that in 2022 a business other than L had development approved by the council at the location that Mr K thought he was investing in. They say that there is no information to show that L was investing in the development or received the required planning to do so.

However, I have looked at the Companies House records for the director of L, who was also the director of another business which was used to purchase a property on E – in the area that Mr K thought he was investing in – although it seems that the property was eventually repossessed by a lender. The article provided by Mr K's representatives is for another address on the same street.

I know that there are reviews online about B, from other individuals who have lost money via various building investments – but this isn't unusual when an investment hasn't gone as planned. But this doesn't show that it was running a scam. Similarly, the overdue accounts that are due are not unusual for a company that has run into financial difficulty.

So, on balance, I have not seen enough evidence for me to be satisfied B was operating as a scam. Based on what I've seen so far, I think it's more likely B, E and L were genuine companies with a legitimate project that unfortunately has not worked out as planned. So, having carefully reviewed everything, I currently think it's more likely Mr K made a high-risk investment to a legitimate company. I therefore think it was reasonable that Santander treated Mr K's claim as a civil dispute and did not consider payment four under the CRM Code.

I also don't think that Santander could have done anything to recover these funds from the recipient account. Given that it was several years after the payments Mr K made before he raised his concerns, I think it very unlikely that any funds would have remained for recovery.

It is possible that further evidence may come to light at a later date, which may indicate B was operating a scam. Should such evidence come to light, then Mr K can complain to Santander again, and refer the matter to this office, should he not be happy with the outcome.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 2 October 2025.

Claire Pugh
Ombudsman