

The complaint

Mr and Mrs D, who are represented, complain that Santander UK Plc won't reimburse them funds they lost after being defrauded.

As many of the events occurred from Mr D's perspective, for ease of reading I have referred to him throughout my decision.

What happened

As the circumstances of this complaint are well-known to both parties, I have summarised them briefly below.

In 2019, Mr D was introduced to an investment opportunity by a third-party. It involved the purchase of shares in a company that promised high returns. Mr D was provided with a contract and instruction on where to make payment.

On 2 August 2019 Mr D instructed Santander to make a payment from his account for £14,840 to the account details provided.

Mr D says that following the transfer, he didn't receive the shareholder certificates he'd paid for. And despite chasing, they never materialised from the broker that had arranged the purchase.

Mr D, believing he'd been the victim of an investment fraud, reported the matter to Santander. After considering his claim, Santander concluded that it was unlikely Mr D had been the victim of fraud as there was no evidence the investment opportunity wasn't a legitimate one. It therefore decided not to reimburse him the money lost.

Mr D was unhappy with this assessment, so he referred matters to our service for an independent review.

An Investigator considered the evidence provided by both parties but concluded it was more likely than not that Mr D had been the victim of fraud. They considered the complaint against the Contingent Reimbursement Model (the CRM Code) and recommended Santander reimburse Mr D in full.

Santander maintained its position that insufficient evidence had been provided that proved an intent to defraud by the business paid. It therefore disagreed that a reimbursement was fair in the circumstances.

As Santander disagreed with the Investigator's assessment and recommendations, the matter was passed to me to decide.

On 12 June 2025 I issued provisional findings to both parties, as I intended on changing the outcome from that of the Investigator. Those findings were as follows:

"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 have been good industry practice at the time.

All parties agree that Mr D made the payment in dispute. So, in accordance with the Payment Services Regulations 2017 Mr D is presumed liable for the loss in the first instance.

However, Santander was a signatory to the Lending Standards Board's CRM Code at the time. Under that Code, firms are expected to reimburse customers who fall victim to fraud, subject to a number of exceptions.

However, the CRM code is only relevant if I'm persuaded Mr D did fall victim to a fraud. The Code specifically doesn't cover certain types of disputes. It says:

"This Code does not apply to...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".

From the information provided so far by Mr D, I'm currently minded to say that the above extract applies to his circumstances, and therefore that this complaint isn't covered by the CRM Code. I know that will come as a disappointment to Mr D, but I hope my reasoning for this will explain why.

Mr D's representative, in their letter of complaint to our service, refers to several businesses involved in the alleged fraud. However, having considered the evidence carefully, I don't agree with the representative's interpretation regarding whom the ultimate beneficiary of the funds was.

From records, Mr D transferred funds from his account to an account held in the name of a business I will refer to as L. Mr D's representative says that these were then forwarded onto a business which I will refer to as R. They have also pointed out that business R is widely recognised as an illegitimate business that was engaging in fraudulent activity. And that the business' involvement in this case appears to be its principal argument as to why Mr D has been the victim of fraud. But that isn't supported by the evidence provided.

While I agree funds were transferred to L's account, there is no evidence this was ultimately for the benefit of R.

Mr D's records are limited due to the passing of time since the payment was made and when he referred his complaint. But he has provided some of the information he retains. Mr D has provided two contracts he was presented with near to the time of the payment made:

1. A contract dated 1 August 2019 between Mr D and business L. This contract is for the purchase of shares in a business I will refer to as business L.
2. A contract dated 26 November 2019 between Mr D and business R. This contract is for the purchase of shares in business R.

The latter contract—which is for the purchase of shares in R—postdates the payment being disputed as part of this complaint. The payment details provided on the contract are different to those that Mr D paid and is for a lesser value.

The earlier contract—which is for the purchase of shares in L—predates the payment Mr D made, bears the same account details he transferred his money to and is for a similar value.

It is therefore reasonable to conclude that the earlier contract provided is the one that relates to this complaint. I have therefore disregarded the contract dated 26 November 2019. That means that it's more likely than not that Mr D made a transfer to business L for the purchase of shares in business I.

While R may have had some involvement in the brokerage or facilitation of that agreement—although this remains unclear—, it wasn't the ultimate beneficiary of it and was not the business Mr D was purchasing shares from. I therefore find it reasonable to consider if business L or I were ultimately legitimate businesses and if they had likely set out with an intention to defraud Mr D.

Research on businesses L and I remain inconclusive on this issue. Both businesses are registered on Companies House. Business L has an active notice to be struck off the register and business I has entered into liquidation. This would indicate both businesses have likely failed.

I cannot find an active presence of either business online, or reviews regarding their services. There is no indication either was operating fraudulently.

Our service has also obtained business L's account information and statements; this is where Mr D transferred his funds. While I am unable to disclose specific information regarding that account, as it pertains to a third-party, no concerning information has been identified.

Considering all the information above, there is currently no persuasive evidence that either business L or business I were illegitimate, nor that they set out with the intention to defraud Mr D.

Our Investigator has pointed out as part of their assessment that Companies House records do not list Mr D as a shareholder of business I on a long list of shareholders published in documents held there. But I don't think that is enough to say Mr D has been the victim of fraud.

It is possible that not all shareholders have been included in this list. But even had Mr D not been issued the appropriate shares before each business failed, that doesn't mean they didn't intend on issuing them at the point of payment.

I want to make it clear that I am not entirely ruling out the possibility Mr D has been victim of a fraud here. But as things stand, I am also unable to rule out the possibility that business L and business I were legitimate businesses that failed after Mr D transferred funds to them for the purpose of buying shares.

I want to reassure Mr D however that should any information come to light in the future—whether that come from the Liquidator's final report or a law enforcement investigation for example—then he can present that new evidence to Santander for further consideration.

But having considered all evidence available, I'm not currently persuaded Mr D has been the victim of a fraud here. Santander was therefore reasonable in declining his claim when considering it against the provisions of the CRM Code."

Both parties were given until 26 June 2025 to provide any further evidence for consideration.

Santander responded stating it had nothing further to add. Mr D's representative asked for an extension to provide further information, but didn't respond by the deadline given.

As both parties have now had an opportunity to respond, I am in a position to issue my final decision.

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.

As no additional comment or evidence has been provided for me to consider by either party, I don't intend to depart from the provisional findings I have outlined above.

My final decision

For the reasons I have set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D and Mr D to accept or reject my decision before 1 August 2025.

Stephen Westlake
Ombudsman