

## **The complaint**

Mrs C is unhappy that Santander UK Plc didn't reimburse her the money she'd lost, after she had fallen victim to an Authorised Push Payment ('APP') scam.

Mrs C brings her complaint with the assistance of a professional representative, but for ease of reading I will refer to Mrs C throughout this decision.

## **What happened**

The background to this complaint is well known to both parties, so I won't repeat it all in detail here. But in summary, I understand it to be as follows.

In or around November 2023, Mrs C began communicating with a man she met on an online dating website. After exchanging emails and messages an apparent relationship developed between the two. Unfortunately, Mrs C didn't realise it at the time, but the man who had contacted her wasn't genuine. She'd been targeted by a fraudster.

I understand they spoke on the phone but never met in person. The fraudster told Mrs C that he was a businessman who ran his own company, dealing in medical equipment.

After a short while, he started to ask Mrs C for financial support. He asked that she make payments to help him with costs to enable some containers to be shipped, as he'd been unable to make the payments himself because his bank had frozen his account, after he'd fallen victim to an identity fraud. He asked that the payments be made to an account in the name of another individual.

Believing everything to be genuine, Mrs C went ahead and made two payments, each for £2,000, on 30 November 2023 and 1 December 2023. The fraudster had asked for £4,000, but Mrs C had been unable to make the payment in one transaction, due to her daily limit being reached.

Once she realised that she'd fallen victim to a scam, she notified Santander. It didn't agree to refund her. In summary, it said it had provided Mrs C with warnings when she was making the payments online. Alongside this, it didn't think Mrs C had carried out sufficient checks before going ahead with the payments.

Unhappy with Santander's response, Mrs C brought her complaint to this service. One of our Investigator's looked into things but didn't think the complaint should be upheld. Mrs C disagreed with the Investigator's view and so, as agreement hasn't been reached the complaint has been passed to me for a 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.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account.

However, that isn't the end of the story. Santander was a signatory to the Lending Standards Board's Contingent Reimbursement Model Code ("the CRM Code"), which was in place at the time Mrs C made these payments. The CRM Code required firms to reimburse customers who had been the victim of authorised push payment ("APP") scams, like the one Mrs C fell victim to, in all but a limited number of circumstances. Under the CRM Code, a firm may choose not to reimburse a customer if it can establish that an exception to reimbursement applies.

*Is Mrs C entitled to a refund under the CRM Code?*

As the payments were made by bank transfer, they would be covered by the CRM Code. As explained above, a firm can choose not to reimburse a customer where it can show that one of the exceptions applies. The most applicable here is R2(1)(c) which applies where *"the Customer made the payment without a reasonable basis for believing that ... the person or business with whom they transacted was legitimate."*

I appreciate that Mrs C did sincerely believe that she was making these payments to a genuine individual and that there was a relationship between them. Unfortunately, I'm not persuaded that belief was a reasonable one. I can't ignore the fact that she made the payments to someone who she'd never met in person and who appears to have begun to ask her for financial support fairly early on.

I also think she ought to have been concerned at being asked to make payments to the personal account of an individual other than the man she'd been exchanging messages with. While the fraudster had explained that he'd been the victim of identity theft, so couldn't receive the funds himself, there doesn't seem to have been any explanation given/nor asked for why payments couldn't be made to a business account, which would have seemed a more plausible approach, given Mrs C was told this payment related to business costs.

As far as I can see, the reasons given as to why the financial support was needed wasn't particularly well evidenced by the fraudster. Mrs C, ahead of making the payments, did ask for details of the company so that she had all of the information – but was only given the name of a shipping company (which of course didn't match the individual who she was asked to pay).

Alongside this, Mrs C has also submitted that ahead of making the payment the fraudster had sent her a formal email that seemed out of character, which had upset her, but that the fraudster had pleaded for help and so she did. I think the apparent pressure here that was being put on Mrs C to make the payment, ought to have given her some concern, particularly considering she was dealing with somebody that she'd never met in person.

For reasons I'll go on to explain, I don't think Santander would have been required to provide an effective warning, when considering the CRM Code. But in the circumstances of this case, when Mrs C made her payments, she was presented with online warnings by Santander, which specifically warned Mrs C she should proceed very cautiously if she was making a payment to somebody who she'd only ever met online, as this could be a scam. Had Mrs C read this warning I think she would have identified circumstances that matched hers.

I can understand how in isolation any one of these things may not have prevented Mrs C from proceeding and I accept that she was manipulated by the fraudster into thinking that his requests were reasonable. But when taking these things collectively, I think there was enough going on here that Mrs C ought to have acted far more cautiously than she did and she should have had significant concerns about the transactions she was making. So, I don't find that she made these payments with a reasonable basis to believe that she was paying a legitimate person.

### *Effective warnings*

I've gone on to think about whether Santander did what was expected of it at the time Mrs C made the payments. As I've mentioned earlier, good industry practice requires that regulated firms such as Santander engage in the monitoring of customer accounts and to be on the lookout for suspicious or out of character transactions with an aim of preventing fraud and protecting customers from financial harm. And under the CRM Code, where it identifies a risk of a customer falling victim to an APP scam, it is required to provide that customer with an "effective warning".

We now know, with the benefit of hindsight, that Mrs C was falling victim to a scam. But based on the information that was available to it at the time, I don't consider Santander would've had any reasonable basis for coming to that conclusion. I say this because Santander has a difficult balance to strike in how it configures its systems to detect unusual activity or activity that might otherwise indicate a higher than usual risk of fraud. There is a delicate balance to be struck. There are many millions of payments made each day, and it would not be possible or reasonable to expect a bank to check each one.

In this particular case, while I don't doubt these payments represented a significant amount of money to Mrs C, they were of values which I don't think would have appeared so suspicious or unusual to Santander, when compared with other payments that it processes on a daily basis. I'm also mindful, in the individual circumstances of this case, that the payments didn't clear the significant part of the balance on the account, which can, but of course not always, be indicative of fraud. All things considered, I think the action Santander did take in providing online warnings, based on the answers Mrs C gave around the purpose of the payments were proportionate and I wouldn't have expected it to do any more.

### *Vulnerability under the CRM code*

There are provisions under the code which might lead to a refund, even when a customer doesn't have a reasonable basis for belief. The relevant part of the Code says:

*"...A Customer is vulnerable to APP scams if it would not be reasonable to expect that Customer to have protected themselves, at the time of becoming victim of an APP scam, against that particular APP scam, to the extent of the impact they suffered. This should be assessed on a case-by-case basis."*

I'm sorry to hear of the difficult circumstances that Mrs C found herself in, particularly that her husband had sadly passed away some years prior to the scam. I've no doubt that she has been through a lot and I don't doubt that the scam has impacted her further.

But I've considered whether there were vulnerabilities present at the time to such an extent that Mrs C was unable to take steps to identify the scam she fell victim to or to recognise steps she might take to test the legitimacy of what she was being told by the fraudster. To do so I must consider the details of the scam, Mrs C's actions throughout, and the wider circumstances of what was happening.

I don't doubt what Mrs C has told us. But there is also evidence within the circumstances that suggests to me that she was capable of taking steps to protect herself from fraud and financial harm. That is to say there was more she might reasonably have done that would have led to the scam being uncovered.

The evidence indicates she was in full control of her finances; indeed, she declined to help the fraudster further when asked for more money. She also questioned the fraudster about the payments she was making, asking for the details of who the recipients would be. Having thought very carefully about everything Mrs C has told us, I'm not persuaded that it would be unreasonable to expect her to have protected herself against the particular scam she fell victim to. And so, on balance, I don't find that Santander need refund Mrs C's loss under the vulnerability clause of the code.

*Did Santander do enough to recover Mrs C's funds?*

Finally, I've thought about whether Santander took reasonable steps to recover Mrs C's funds once it was made aware she was the victim of a scam. From what I can see Santander contacted the beneficiary bank, but it was unable to recover any of the money lost. Sadly, this is not unusual as scammers usually remove funds soon after payments have been made. So, I don't think Santander could have done anymore to recover Mrs C's funds.

I don't say any of this to downplay or diminish the fact that Mrs C has fallen victim to a cruel and cynical scam. I have a great deal of sympathy for her and the position she's found herself in. However, my role is to look at Santander's actions and decide whether it applied the CRM Code fairly and, while I know my decision will be greatly disappointing to Mrs C, I think it has.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 12 December 2025.

Stephen Wise  
**Ombudsman**