

The complaint

Ms P is unhappy Santander UK Plc (“Santander”) has declined to reimburse her after she reported falling victim to an investment scam.

What happened

The background to this complaint is well known to both parties, so I don’t intend to repeat it in detail again here. However, in summary, Ms P believes she’s been the victim of an investment scam.

In 2021, Ms P received a phone call about an investment opportunity with a company I will refer to as K. K said it provided short-term bridging loans. Ms P thought the investment opportunity was an attractive one and so she agreed to go ahead. Ms P made four payments as a result of the investment. K has since gone into liquidation.

Ms P has now been refunded the first payment she made by the FSCS. The FSCS is also looking into to a further two payments Ms P made on behalf of family members on 8 April 2021. However, the FSCS said it won’t be refunding the final payment Ms P made which amounted to £35,000. This is because this payment wasn’t sent through a regulated intermediary. So, Ms P raised this payment with Santander.

Santander didn’t agree to refund Ms P the amount lost. It said it wasn’t persuaded that she’d fallen victim to a scam – instead, it considered it was more likely this was an investment that had gone wrong and K had been legitimate company which had ultimately failed.

Ms P wasn’t happy with Santander’s response and so she referred her complaint to this service. It was looked at by an Investigator who upheld it in full. However, Santander didn’t agree with the Investigators opinion. So, 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 it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer’s account. However, that isn’t the end of the story.

Santander is a signatory to the Lending Standards Board’s Contingent Reimbursement Model Code (“The CRM Code”). The Code requires signatories to refund victims of authorised push payment (“APP”) scams in all but a limited set of circumstances.

The CRM Code doesn't cover all payments and for Ms P's payment to fall within its scope, it must meet the relevant parts of the CRM Code's definition of an APP scam.

I've considered the submissions of both parties carefully. And having done so, I'm satisfied that Ms P has been the victim of a scam. I say this because a detailed investigation into the activities of K was carried out by the Insolvency Service. The Insolvency Service concluded that there was little evidence that K was providing bridging loans as it told its investors it would. It also stated that K appeared to have been operating similarly to a Ponzi scheme. So, whilst I acknowledge that some investigations into the activities of K are still ongoing, I'm satisfied that the Insolvency Service's update is compelling evidence that the funds Ms P transferred were likely not used for the purpose for which they were intended and that this was as a result of dishonest deception - despite a thorough investigation by the Insolvency Service, no evidence of any bridging loans being provided has been found.

I understand that Santander has pointed out that K doesn't appear to be the subject of an active police investigation. I've taken that into account, but I'm also mindful of the fact that resource constraints and other practical considerations mean that a police force won't necessarily investigate every criminal complaint that is referred to it. The lack of a police investigation isn't, to my mind, determinative here.

I can understand why Santander has argued that, since there are ongoing investigations, it's appropriate to wait until those are concluded. However, a significant amount of time has elapsed since these concerns about K first came to light and, as far as those investigations are concerned, there is no indication as to when they might conclude. I don't think it's fair to delay matters to a future date that is unknowable. The evidence provided by the Insolvency Service that I've described above is compelling and persuasive. I'm persuaded it's sufficient to support the finding that Ms P fell victim to an investment scam.

Application of the CRM Code

The remaining question then is whether a refund should be paid under the CRM Code. The Code requires signatories to refund customers who fall victim to APP scams, unless an exception to reimbursement applies. I'm not persuaded that an exception does apply here (and Santander hasn't argued otherwise).

Overall, I think Ms P had a reasonable basis for believing the investment was legitimate. The investment company featured a polished website and accompanying materials, which likely put her mind at ease. Ms P says she was reassured at being told her investment was protected. I acknowledge that the proposed rate of return was high but I must take that into account along with other relevant details. For example, the company did not market this investment as guaranteed. And when Ms P questioned the rate of return at the time she was provided with what appeared to be a plausible explanation as to how the investment could generate such high returns. So, while the returns promised were quite high, I don't think they were so outlandish as to immediately raise concerns, particularly when viewed alongside other indicators of potential legitimacy. I've also considered that Ms P had seen her initial investment apparently begin to work out as planned.

Santander has said there was a conversation with Ms P about this payment before it left her account but it doesn't have a record of what was discussed. It follows that Santander hasn't been able to demonstrate that it provided Ms P with an effective scam warning at the time this payment was made. So, I'm not persuaded that this exception to reimbursement applies here either.

Overall, I'm persuaded that this was an APP scam, and that Santander should refund Ms P in line with the provisions of the CRM Code.

My final decision

For the reasons I've set out above, I uphold this complaint.

Santander should now reimburse Ms P in full and add 8% simple interest per annum calculated from 25 April 2025 (the date our investigator sent their view) to the date any refund is paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 5 December 2025.

Emly Hanley Hayes
Ombudsman