DRN-5703742

The complaint

Mr G complains that Santander UK Plc has declined to reimburse payments that he says he didn't agree to.

What happened

Mr G says he responded to an advert for a travel company on social media and later spoke to a scammer on the phone where he agreed to purchase some flight tickets. Mr G recalls receiving a OTP (one time passcode) which he shared with the scammer for the purpose of making one payment.

However, contrary to what Mr G was expecting, four payments were attempted, two of which were successful. One for around £1,400 (Payment 1) and the other for £875 (Payment 2). Mr G is disputing both payments as unauthorised. The other two payments that were attempted but declined were both for £546.03 – Mr G says this is the amount he thought he was paying.

Santander initially declined to provide a refund on the basis that Mr G had authorised the payments without undertaking due diligence checks. It said a OTP was used for the disputed payments and Mr G responded positively to an SMS it sent him asking if the payments were genuine.

When Mr G referred the matter to our service the investigator requested evidence from both parties and attempted to mediate a settlement. The latest position is that Santander has offered to reimburse Payment 2 plus interest and pay Mr G £150 compensation. The investigator confirmed they didn't think Santander needed to do more than this.

Mr G didn't agree; in summary he said:

- The OTP he shared was for a different payment (for around £550 and to a different merchant) and he had nothing to do with Payment 1.
- The OTP message he received didn't contain the payment details such as the amount.
- He doesn't remember receiving more than one OTP message or responding to an SMS message confirming the payments were valid. He thinks the scammer could have accessed the codes themselves by "skimming" his phone number.

So, the matter has been passed to me for a decision by an ombudsman.

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've reached the same conclusion as the investigator for similar reasons.

As Santander has now agreed to reimburse Payment 2 and pay Mr G interest on this amount, I will focus on what remains in dispute which is Payment 1.

Has Santander acted fairly in treating the payment as authorised?

The relevant law here is the Payment Services Regulations 2017 (PSRs) – these set out the circumstances in which a payer (here Mr G) and a payment service provider (here Santander) are liable for payments. As a starting point, Mr G is liable for payments that he authorised and Santander should reimburse unauthorised payments.

Santander has provided technical evidence to show how and when each payment was made and authenticated. This shows that Payment 1 was the first payment attempted, and that an OTP sent to Mr G's telephone number was correctly entered as part of its stronger authentication process. For context a further OTP was sent to Mr G's mobile number afterwards for a payment of around £550 which was also used but that payment was declined.

Santander has provided an example of the wording of the OTP message that it says would have been sent at the time. This included, among other things, the payment amount, the merchant's name and a warning not to share the OTP.

Mr G doesn't appear to dispute that he shared an OTP over the phone but says this was for the payment attempted for around £550 that was unsuccessful. He has suggested the scammer was able to access other codes sent to his number. However, Mr G also says that the message containing the OTP didn't show the payment details such as the amount. Unfortunately, Mr G can't provide a copy of the messages he received.

Where evidence is missing, incomplete, or contradictory I need to make a finding on the balance of probabilities. That is, what I think is more likely than not to have happened, based on what I do have.

It isn't in dispute that Mr G shared his card details with the scammer on the phone or that he understood they would be making a payment on his behalf using these details. But Mr G says he only agreed to one payment to a different merchant for a different amount than Payment 1. Based on the evidence I have I think it's more likely than not that Mr G shared the code used for Payment 1. I don't have any evidence to support that the scammer had access to Mr G's phone or it's messages, and it doesn't make sense that the scammer would have asked Mr G to share an OTP if they had access from the outset.

It's possible that Mr G didn't fully read the message and that the scammer used the information Mr G gave to make a payment to a different merchant for a higher amount than he expected. But I think it's more likely than not that the message was specific to the payment it related to, and as Mr G shared it understanding it would be used to approve a payment, I think Santander has acted fairly in treating this payment as authorised.

Did Santander miss an opportunity to prevent Mr G's loss?

In broad terms, the starting position at law is that a payment service provider such as Santander is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the PSRs and the terms and conditions of the customer's account.

But, taking into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, Santander ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances

I have reviewed Mr G's account statements and the details of Payment 1. Having considered when it was made, its value and who it was made to, I'm not persuaded Santander ought to have found it suspicious, such that it ought to have declined the payment and made enquiries of Mr G.

I understand Mr G doesn't think it makes sense that Santander would have declined the payment he wanted to make for around £550 but to have allowed a higher amount of around £1,400 to go ahead. But Payment 1 was the first payment attempted by the scammer, Santander would have seen that it was to a genuine merchant and approved using an OTP sent to Mr G. So at that point, I don't think Santander ought to have identified that Mr G was at a heightened risk of financial harm from fraud. For these reasons, I don't think Santander missed an opportunity to prevent Mr G's losses.

Should Santander have done more to recover Mr G's funds?

Payment 1 was a card payment authorised using an OTP. So the recovery option available to Santander would have been through the chargeback scheme. I don't think it's likely that Santander could have raised a successful claim under the relevant scheme rules. The most relevant ground would have been goods/services not received – but given how these scams normally work and that the merchant is a genuine provider – it's more likely than not that the merchant did provide what was purchased for the benefit of a third party rather than Mr G.

I understand Mr G thinks Santander should have done more to raise this issue and obtain information from the merchant, but it isn't required to do so. Santander has limited options available to it to recover funds in the circumstances, and I've explained why I don't think it could have recovered Mr G's losses.

Putting things right

Santander has agreed to reimburse Payment 2 as the payment was not completed using an OTP and rather appears to have been made by the scammer using Mr G's card details without his involvement. It has also agreed to pay Mr G simple interest at a rate of 8% for the time he has been without these funds. I think this is fair in the circumstances as it's in line with how I would expect Santander to treat an unauthorised payment.

Santander has also offered Mr G £150 compensation for the delay it caused to our handling of this complaint. This isn't something I can comment on as it doesn't fall within the complaint that has been brought to our service. But I understand Santander is still willing to pay this as a gesture of goodwill.

My final decision

My final decision is that Santander UK Plc should:

1. Reimburse Mr G £875
2. Pay Mr G interest on the amount in point 1 from the date of the payment to the date of settlement.

Santander has also agreed to pay Mr G £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 16 September 2025.

Stephanie Mitchell

Ombudsman