

The complaint

Mr W is complaining that Santander UK Plc won't refund payments he says he didn't authorise.

What happened

Mr W was selling some items on an online marketplace.

He was contacted by someone pretending to be from the marketplace ("the scammer") who told him that he needed to verify his card details before he could receive payment for an item he was selling. Mr W entered his card details into the link he'd been given. The scammers then told him he'd receive a code "400" to verify his card details, and funds in his account would be frozen temporarily before being returned to him.

Mr W did what he was asked, but became suspicious when the scammer asked for his online banking security details. When he checked his account he found that two payments of £400, to a money transfer service, had been debited from his account.

Mr W spoke to Santander and explained what had happened. He told Santander he just verified the payments not realising it was for payments of £400 each time.

Santander looked into things, but it didn't agree to refund the payments to Mr W. It did however recognise that its communication about which area was handling his complaint could have been better and paid Mr W £100 to reflect the inconvenience this caused to him.

Mr W brought his complaint to our service, but our Investigator didn't think it should be upheld. He didn't think Santander was unreasonable to treat the payments as having been authorised by Mr W, and he didn't think it ought to have done anything else to prevent them being made.

Mr W didn't agree so his complaint has been passed to me for review and a 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.

I'm sorry to disappoint Mr W, but I'm not upholding his complaint, for much the same reasons as the Investigator.

Authorisation

The relevant law here is the Payment Services Regulations 2017 – these set out what is needed for a payment to be authorised and who has liability for disputed payments in different situations. With some exceptions, the starting point is that the consumer is responsible for authorised payments, and the business is responsible for unauthorised payments.

Mr W is disputing authorising the payments, so I'll address this point first. The PSRs specify that authorisation depends on whether the payment transactions were authenticated correctly – and whether Mr W, or someone acting on his behalf, consented to them. The PSRs go on to specify how consent is given. It must be in the form, and in accordance with the procedure, agreed between Mr W and Santander.

Mr W has shared that he has dyslexia and that this may have affected how he processed the information here, which I do understand. But I can't see that Mr W has requested or agreed any reasonable adjustments with Santander to how he authorises payments, so the steps I've laid out below which explain how he authorises payments do still apply. And it looks like Mr W had authorised online payments before so I think he would have been familiar with the process.

I've reviewed the terms of Mr W's account with Santander, but it doesn't set out in detail how Mr W consents to making card payments online. But generally, this is through entering the long card number, the card expiry date and the CVV into the merchant's website.

It seems that Mr W was tricked into entering his card details into the merchant's website to make the payments, thinking he was verifying his details. So, Mr W didn't agree to the payment instructions, but Santander says the payments were authorised as Mr W confirmed them in its app.

Mr W said he wasn't aware he was making payments of £400 but he's now told us he did authorise one payment of £0.01. But from listening to Mr W's call with Santander it seems he accepts that he did approve the payments in the app himself, albeit not realising this is what he was doing. I can see from the conversation Mr W had with the scammer that they did tell him twice, to expect a message with the code of 400 to verify his details and Mr W replied to say he was ready to receive that. So, I do think Mr W did take the action to approve the payments himself. But for the avoidance of doubt, I can see that both the payments were approved through Santander's app using Mr W's trusted device.

I've asked Santander about the process of approving payments through the app. It's sent me some screenshots to show that the process flow here has steps which involve being shown a notification saying, "*you're requesting a card payment.*" The next screen shows the merchant's name and the value of the payment - and the options are to authorise the card payment, or to cancel it. Although I appreciate Mr W was being put under pressure from the scammer to act quickly, I think it would have been clear that Mr W was approving two separate payments and that the payments were for £400.

Overall, I think it's likely Mr W did approve the payments using the process Santander's outlined. Although when Mr W entered his card details he didn't know it was for making payments, I'm satisfied that the payments were correctly authenticated using his card information and stronger authentication through the app.

I think that by completing these steps, Mr W represented to Santander that the payment instructions were genuine. And it was reasonable for Santander to rely on this to process the payments. So, it's reasonable for Santander to treat the payments as having been authorised and as such it isn't obliged to provide a refund.

Should Santander have recognised the scam and intervened?

I've concluded that the payments were authorised, so I've gone on to consider if Santander should have done anything else to prevent the payments Mr W made.

When a payment is authorised, Santander has a duty to act on the payment instruction. But

in some circumstances, it should take a closer look at the circumstances of the payment – for example, if it ought to be alert to a fraud risk, because the transaction is unusual, or looks out of character or suspicious. And if so, it should intervene, for example, by contacting the customer directly, before releasing the payments. I'd expect any intervention to be proportionate to the circumstances of the payment. But I've also kept in mind that Santander processes high volumes of transactions each day. There is a balance for it to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate.

I agree with the Investigator that I wouldn't have expected Santander to have intervened here. The value of the payments was low in the context of the payments Santander processes every day, and they were being made to a legitimate money transfer service. I don't think the payments ought to have caused Santander to be sufficiently concerned about a scam risk that it ought to have intervened with a warning, or by contacting Mr W directly. So, I don't think Santander ought reasonably to have done anything here to prevent Mr W making the payments.

Could Santander have done more to recover the payment?

The payments were made by debit card, and as such, once they had been authorised it wasn't possible for Santander to cancel them, even in a pending state.

It's possible to dispute a debit card payment through a process called chargeback, which can sometimes be attempted if something has gone wrong with a debit card purchase, subject to the relevant card scheme's rules. Santander didn't process chargebacks here, but I'm satisfied that there would have been little prospect of them being successful. I say this because the payments were made to a legitimate money transfer service which provided the service paid for.

I appreciate that Mr W says the money transfer service told him it would refund the payments if Santander asked it to do so, and I can see how this would be frustrating for him. But I don't think I can reasonably say that this means Santander should have raised chargebacks when there's not an applicable reason for it to do so under the card scheme's rules.

Other considerations

Santander has accepted there were some communication issues on its part during the investigation into Mr W's complaint. For completeness I'll add that I think the £100 it's already paid to Mr W is fair and reasonable considering the impact this would likely have had on him.

Once again, I'm sorry to disappoint Mr W as I can understand why he feels strongly about what's happened here. And as the victim of a cruel scam, I can understand why he'd think he should get his money back. But I've not found that there are any grounds for me to direct Santander to refund the disputed payments to him.

My final decision

My final decision is that I'm not upholding Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 15 October 2025.

Helen Sutcliffe
Ombudsman