

The complaint

Mr S complains that Santander UK Plc did not refund all of the money he lost when he was the victim of a scam.

What happened

In 2020 Mr S lost £10,000 to a property investment. In February 2024 he was contacted by a company I will call 'E' which said it could help to recover his lost funds, it said Mr S's money was being held in escrow. However, to release his funds Mr S was told he needed to pay various fees and charges, but that these were insured and so would ultimately be returned to Mr S.

Over a couple of months Mr S made 31 payments to accounts he believed were associated with E, for these fees and charges. The payments were made from his Santander current account and Santander savings account. The payments were as follows:

Payment	Date	Payee	Amount
1	16/01/2024	Bank L	£1,500
2	22/01/2024	Bank M	£250
3	23/01/2024	Bank M	£1,000
4	24/01/2024	Bank H	£300
5	25/01/2024	Bank H	£700
6	31/01/2024	Bank H	£1,100
7	01/02/2024	Bank H	£2,099
8	06/02/2024	Bank L	£500
9	07/02/2024	Bank L	£1,050
10	08/02/2024	Bank L	£1,500
11	09/02/2024	Bank L	£1,500
12	12/02/2024	Bank L	£1,900
13	13/02/2024	Bank L	£2,000
14	14/02/2024	Bank L	£550
15	19/02/2024	Bank L	£900
16	20/02/2024	Bank L	£2,000
17	21/02/2024	Bank L	£2,400
18	22/02/2024	Bank L	£2,300
19	23/02/2024	Bank L	£1,220
20	26/02/2024	Bank L	£900
21	01/03/2024	Bank L	£1,000
22	04/03/2024	Bank L	£1,750
23	05/03/2024	Bank L	£2,150
24	06/03/2024	Bank L	£2,565
25	07/03/2024	Bank L	£2,035
26	21/03/2024	Bank L	£1,950
27	22/03/2024	Bank L	£2,450
28	25/03/2024	Bank L	£2,950
29	27/03/2024	Bank L	£1,400

30	28/03/2024	Bank L	£2,500
31	29/03/2024	Bank L	£1,500

Mr S complained to Santander and asked for a refund, but it only partially upheld the complaint. Santander considered Mr S's claim under the Lending Standards Board's Contingent Reimbursement Model (CRM) Code and concluded that it only needed to refund part of his loss. It agreed that it could have done more to protect him from falling victim to this scam, and Bank L also accepted that it had a part to play in Mr S's loss, but Santander also felt that Mr S did not have a reasonable basis for believing the recovery scheme was legitimate. Santander said he had not done enough to protect himself from this scam.

So, Santander refunded 50% of Mr H's loss from the payments to Bank H and Bank M, and 67% of his loss for the payments to Bank L – excluding the very first payment to the scam on 16 January 2024 which Santander does not appear to have refunded any proportion of. Santander also contacted the receiving banks to see if it could recover any of Mr S's funds, and was able to recover £10.19 from Bank H.

Mr S was unhappy with this response from Santander and so he referred a complaint to this service. It was looked at by an Investigator who upheld it in part, they considered that Mr S did have a reasonable basis for belief for the initial payments to the scam (payment 1 to payment 9) and so should receive a refund of his full remaining loss regarding those payments. But they considered that this basis for belief had fallen away by the time of payment 10 and so they were satisfied that the refund Mr S had already received from that point onwards was reasonable in the circumstances.

Mr S accepted the investigator's findings, but Santander disagreed, it maintains that Mr S had no reasonable basis for believing that he was making these payments for a legitimate purpose.

So, as no agreement could be reached, the complaint has been passed to me to consider and issue 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 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 be good industry practice at the time.

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 and the terms and conditions of the customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

The Lending Standards Board's Contingent Reimbursement Model (CRM) Code sets out that, as a starting point, a customer should receive a refund if they fall victim to an APP scam such as this one. There's no dispute here that Mr S was tricked into making these payments. But even though he was a victim of a scam, Santander doesn't have to pay Mr S

a full refund if it can establish that he failed to meet his obligations under one or more of the exceptions set out in the code.

Under the terms of the code, Santander is entitled to say that Mr S didn't meet his obligations if it can establish that he "made the payment without a reasonable basis for believing that: the payee was the person the customer was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate."

I've considered this point carefully and I'm satisfied that, at least initially, Mr S did have a reasonable basis for believing that the payments he was making were legitimately towards a business that could help him to recovery his investment losses.

I say this because, while Mr S was contacted out of the blue by E, they knew details of his lost investment – including how much he had lost and who his investment had been with – and that, I think, would have gone some way to reassuring Mr S that E was legitimate. In addition, E was registered on Companies House (it appears a real company E had been cloned for the purposes of this scam) and all the details on the correspondence Mr S received matched the details that had been registered.

I acknowledge that there were apparently other businesses Mr S was told were involved in the recovery that did not have such convincing details to back them, but I think that the involvement of an apparently legitimate registered company would have been a crucial factor here in convincing Mr S that he was dealing with a legitimate party.

I also acknowledge that Mr S made payments to various accounts associated with other third parties, not direct to an account in E's name, and again this was a potential red flag. But Mr E believed he was making these payments for various different purposes, to the various people at E he was speaking to, and it appears that Mr S could see his old investment funds in an escrow account and that when he made payments to facilitate their release, he could see these additional funds also being added to his escrow account.

As a result, Mr S believed he was dealing with a legitimate business. I acknowledge that there were some features which might be seen to be red flags. But while I'd expect the bank to have spotted these, to the unprofessional eye I think it is reasonable that these issues didn't ring immediate alarm bells for Mr S.

However, by the time of payment 10 I do think Mr S should have realised that something might not be quite right. By this time, he had been asked to make 10 separate payments, over a couple of weeks, with a total value of £9,999 – almost as much as he had been told he'd be recovering from the failed investment. Being asked to pay such a large amount, given the value of the supposed recovered funds he was paying to release, should I think have given Mr S pause for thought by this stage. And if Mr S had taken some time to review what he had seen so far from E, and the amount he was being asked to pay, I think he should have realised by this time that all was not as it seemed and that it was likely E was not acting legitimately.

So, overall, I'm satisfied that Mr S made payment 1-9 with a reasonable basis for believing that they were going to a genuine recipient, but that this reasonable basis for belief falls away by the time of payment 10. It follows that Santander can't rely on the exception described above to decline to pay Mr S a full refund for payments 1-9.

Santander has already stated that it did not effectively intervene in the payments Mr S was making, hence why it has already refunded 50% of his loss for the payments to Bank M and

Bank H and 67% of his loss for the payments to bank L (which takes account of Bank L's acceptance that it also played a part in allowing this scam to take place).

So, overall, I am not satisfied that Santander has demonstrated that any of the relevant exceptions to reimbursement apply in this case for payments 1-9. It follows that I consider Santander is liable for refunding the remainder of Mr S's loss for those payments.

Putting things right

For clarity, the remaining loss to be repaid is as follows:

Payment	Date	Payee	Amount	% already refunded	Remaining loss
1	16/01/2024	Bank L	£1,500	0%	£1,500
2	22/01/2024	Bank M	£250	50%	£125
3	23/01/2024	Bank M	£1,000	50%	£500
4	24/01/2024	Bank H	£300	50%	£150
5	25/01/2024	Bank H	£700	50%	£350
6	31/01/2024	Bank H	£1,100	50%	£550
7	01/02/2024	Bank H	£2,099	50%	£1,049.50
8	06/02/2024	Bank L	£500	67%	£165
9	07/02/2024	Bank L	£1,050	67%	£346.50

To resolve this complaint Santander UK Plc should now:

- Refund Mr S's remaining loss for payments 1-9, minus the £10.19 recovered from Bank H; and
- Pay 8% simple interest per annum on that refund from the date of each payment to the date of settlement.

My final decision

I uphold this complaint in part. Santander UK Plc should now put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 October 2025.

Sophie Mitchell
Ombudsman