

The complaint

Mr K is unhappy Santander UK Plc ('Santander') hasn't refunded him the money he lost after falling victim to an authorised push payment ('APP') property investment scam.

Mr K has brought the complaint with the assistance of a representative. For ease of reading within this decision, I will refer to Mr K in the main.

What happened

The details of this case are well-known to both parties, so I don't need to repeat them at length here. In summary, Mr K fell victim to a property investment scam.

Mr K came across what he thought was a property investment company, that I'll call 'Company B', which he had found through a well-known social media platform.

Mr K entered into an investment agreement with Company B. The premise of the investment was that money was paid upfront to Company B for the use in a rent-to-rent investment scheme. In essence, renting out properties to then further rent them out again at a higher value with the investee then receiving monthly returns for a certain duration.

Mr K paid £1,400 from another of his bank accounts held with a different banking provider – 'Bank L'. Mr K was due to receive between £400 - £450 for eight months. Mr K received some monthly returns which I believe amounted to £1,250. Some of these returns (£600) were paid into Mr K's account with Bank L and one amount (£650) was paid into Mr K's bank account with Santander on 5 December 2023.

Mr K was then persuaded to invest more and he subsequently entered into another agreement with Company B on 14 December 2023. The agreement was that Mr K paid a further amount of £8,000 (bringing his investment up to £9,400) and in return he would then receive £650 per month for the next five years.

Below are the payments Mr K made from his Santander account toward the investment and also the payments / monthly returns he subsequently received into his Santander account.

Date	Time	Type of payment	Amount
15 December 2023	00.49am	Transfer to Payee 1's account	-£2,000
15 December 2023	00.50am	Transfer to Payee 1's account	-£2,000
23 December 2023	23.47pm	Transfer to Payee 1's account	-£3,000
24 December 2023	00.05am	Transfer to Payee 1's account	-£750
1 January 2024		Credit received from Payee 1	+£650
14 February 2024		Credit received from Payee 2	+£700
19 February 2024	16.29pm	Transfer to Payee 1's account	-£400
20 February 2024	14.09pm	Transfer to Payee 1's account	-£1,100
1 March 2024		Credit received from Payee 1	+£650
1 March 2024		Credit received from Payee 1	+£500
5 March 2024		Credit received from Payee 3	+£300

5 March 2024		Credit received from Payee 3	+£300
15 March 2024		Credit received from Payee 1	+£900
2 April 2024		Credit received from Payee 1	+£100
2 April 2024		Credit received from Payee 1	+£550
1 June 2024		Credit received from Payee 4	+£650
		Total loss	£3,950

Mr K subsequently stopped receiving any further monthly returns and their contact with Company B ceased. Mr K realised he had fell victim to a scam.

Mr K contacted Santander to report the matter and to see whether his funds could be recovered or re-imbursed.

Santander looked into Mr K's complaint and declined reimbursing him. Santander considered the matter was a civil dispute between the two parties as Company B were listed on Companies House and Mr K had received returns on his investment.

Santander also contacted the 'Receiving Firm' (the firm where Mr K had paid his funds to) but received a response that the funds had already been utilised meaning no funds remained that could be recovered.

Mr K, unhappy with Santander's response, brought his complaint to this service. One of our Investigator's considered the complaint and didn't uphold it. In summary, they considered Company B were likely operating a fraudulent scheme and Mr K had therefore been the victim of a scam. So, they considered a relevant consideration to the payments Mr K had made was the Contingent Reimbursement Model (often referred to as the 'CRM Code'). The CRM Code was implemented to reduce the occurrence of APP scams and to reimburse customers who are victims of APP scams except in limited circumstances.

In assessing the complaint alongside the CRM Code, the Investigator felt that there were exceptions, as set out within the CRM Code, that meant Santander wasn't liable to reimburse Mr K for his loss.

The Investigator considered Mr K had acted without a reasonable basis for belief when making the payments. They considered there were a number of factors that ought to have been concerning to Mr K and to such an extent that it should have given Mr K cause for concern that all wasn't as it seemed.

And given the value of the majority of the payments they didn't consider, under the CRM Code, that Santander was required to display an 'effective warning' as part of the payment process. They did consider that for the payment Mr K made for £3,000 on 23 December 2023, Santander ought to have provided a warning. And the Investigator believed that there had been a phone call between Santander and Mr K about this payment and Mr K had provided an incorrect reason for the purpose of the payment. So they considered Santander hadn't acted unfairly and had attempted to provide a warning in relation to the payment purpose Mr K had chosen – which was paying friends and family.

So, our Investigator considered Santander wasn't liable to refund Mr K's losses under the CRM Code or for any other reason.

Mr K didn't accept the Investigator's opinion. As the matter wasn't resolved, it was referred to me to review and make a final decision on the outcome of Mr K's complaint.

I considered the complaint and issued a provisional decision. Within that, I reached the same conclusion as our Investigator, but provided some additional reasoning.

In summary, I thought Santander's decision not to refund Mr K in this instance was fair and reasonable in the circumstances. I couldn't fairly or reasonably say that Santander were liable in some way. I said this because I didn't find that he had a reasonable basis for believing the payments were for genuine goods or services; and/or the person or business with whom he transacted was legitimate. So, I didn't consider Santander were liable to reimburse him for his losses under the CRM Code or for any other reason. And unfortunately, Santander wasn't able to recover any funds from the beneficiary bank as it confirmed to Santander that the funds had already been utilised by the time the matter had been reported.

Both parties had until 7 August 2025 in which to respond to my provisional decision and provide any more comments and evidence they wished for me to consider. Mr K, through his representative, confirmed receipt of my provisional decision and advised he didn't have any further comments or evidence to provide.

As my provisional decision reached a finding that intended on not upholding Mr K's complaint – I don't expect a response from Santander who had already previously agreed with the outcome reached by the Investigator and had confirmed it had nothing further to add.

So, neither party responded to my provisional decision with any further evidence or comments for me to consider.

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, and as neither Mr K (nor Santander) have provided me with anything further to consider, I see no reason to depart from my provisional findings.

So, for completeness, I'll reiterate and confirm those provisional findings below.

"...First, I would like to clarify that this complaint focuses solely on the payments Mr K made from his Santander account. Mr K made some initial payments from his bank account with Bank L. If Mr K has any concerns about those payments he needs to complain to Bank L in the first instance.

Second, it appears to have been accepted by all parties that Mr K was the victim of a scam. For the avoidance of doubt – I agree. The Investigator received information from the beneficiary bank which confirmed that upon receiving a notification of fraud and a subsequent review of the account, it was satisfied that the account was being used fraudulently and for scam purposes. That information, coupled with the premise of the scheme to pay an amount upfront in order to then receive significant monthly returns and for an extended period, suggests Company B was setting out with intent to defraud victims.

There's no dispute that Mr K authorised the payments that are the subject of this complaint, even though he did so as a result of being deceived by a fraudster. Broadly speaking, under the account terms and conditions and the Payment Service Regulations 2017, he would normally be liable for them. But that isn't the end of the story.

Where a customer has been the victim of a scam it may be appropriate for the bank to reimburse the customer, even though payments have been properly authorised. Of particular relevance to the question of what is fair and reasonable in this case is the CRM Code.

The CRM Code requires Firms to reimburse customers who have been the victims of APP scams like this, in all but a limited number of circumstances.

However, under the CRM Code, a Sending Firm (in this case Santander) may choose not to reimburse a customer if it can establish that:*

- *...The customer made payment without having 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.*
- *The customer ignored what the CRM Code refers to as an “Effective Warning” by failing to take appropriate action in response to such an effective warning.*

**Further exceptions outlined in the CRM Code do not apply to this case.*

In this case, I’m persuaded one of the listed exceptions to reimbursement under the provisions of the CRM Code applies.

Taking into account all of the circumstances of this case, including the characteristics and complexity of the scam, I don’t think Mr K had a reasonable basis for believing the payments were for genuine goods or services; and/or the person or business with whom they transacted was legitimate.

In order to determine whether this exception to reimbursement applies, I must ask if he made the payments he did whilst having a reasonable basis for belief that all was genuine. Having carefully reviewed everything I’m afraid I don’t find that’s the case. I’ll explain why.

Mr K came across the investment through a social media page. I have been provided with some video evidence about the investment that was on the social media website. There isn’t any information about Company B on the internet – other than its Companies House listing. So, while I accept that Company B was listed on Companies House, there was no other information about it available. And it was promoting itself through social media which while isn’t necessarily uncommon – you would also expect a legitimate and professional business to have a website.

I also think Mr K ought to have been concerned about the agreements Company B provided him. The first agreement required Mr K to pay £1,400 upfront, in order to receive between £400 - £450 per month for eight months. So, at the end of that agreement if it ran to term, Mr K would have received between £3,200 - £3,600 in returns. And with the second agreement that Mr K entered into, Mr K had to pay a further £8,000 which would provide monthly returns of £650 for the next five years. So, at the end of the agreement Mr K would have received around £39,000 in returns for simply putting up a lump sum of £9,400 in total. The returns being promised simply aren’t realistic and are too good to be true.

The contract also doesn't list what property or properties Company B had that Mr K's funds were to be invested in, or any schedule of subsequent bookings that meant the returns being promised were likely obtainable and obtainable consistently over the five years. And Mr K hasn't provided any other information he received from Company B in this regard either. Sadly, it seems that Mr K simply took things at face value when what he was presented with was unrealistic, and ought to have given him concern that things might not have been legitimate.

I also note that the social media images of the correspondence Mr K had were with someone I'll call 'Mr S'. But when Mr K was making the payments, he was paying an individual account – for someone I'll call 'Mr A'. It appears that these are one and the same person – according to Mr K, but I find that it ought to have been rather suspicious. I question why a legitimate company director would be using separate names. I also find it ought to have given Mr K concern that he was paying into an individual account (in the name of Mr A) and not into Company B's account. I say this because I think it is reasonable to suggest that if it was a legitimate firm – then Mr K would be making payments to an account in that firm's name. And I'm also mindful Mr K was asked to provide an incorrect reason for the payment purpose when making the payments, with Mr K being asked to select paying family. Again, a legitimate company carrying out a legitimate business wouldn't ask its customer to provide an incorrect reason for a payment.

As a result, I'm satisfied Mr K should've had reasonable cause for concern that things might not be as they seem at the time he made the payments. But it doesn't appear that he made adequate enquiries into the legitimacy of things or what he was being told. I might understand how in isolation any one of these things may not have prevented Mr K from proceeding. But when taken collectively I think there were sufficient red flags here that reasonably ought to have led Mr K to have acted far more cautiously than he did.

While I accept Mr K had entered into an agreement and received some returns – which led to him investing more, for the reasons given above, it was simply an unrealistic investment that ought to have given Mr K cause for concern as to the legitimacy of things.

I appreciate that Mr K's representative has said Mr K was young and naive at the time and was therefore more vulnerable and susceptible to this type of scam. But I don't think Mr K was unable to protect himself from falling victim to this type of scam. Mr K checked to see if Company B was a legitimate business and found that they were registered on Companies House – but he didn't seemingly question anything beyond that – when I think there was enough indicators to suggest that he needed to and I'm mindful he was seemingly able to also.

So, overall, I think one of the exceptions to reimbursement applies – in that Mr K made the payments without a reasonable basis for believing that the payments were for genuine goods or services and/or the person or business with whom he transacted with was legitimate.

Should Santander have done anything else to prevent the scam?

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 identified a risk of a customer falling victim to an APP scam, it was required to provide that customer with an 'effective warning'.

We now know, with the benefit of hindsight, that Mr K 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 the payments wouldn't have appeared out of character or unusual. The payments weren't particularly large or remarkable. So, I don't think the CRM Code required that Santander display an effective warning as part of the payment process for the majority of the payments, and I'm not persuaded it would've had any grounds for intervening to question the payments further with Mr K before allowing them to be processed.

Our Investigator thought that Santander needed to provide Mr K with a warning for the payment of £3,000 that he made on the 23 December 2023. And they thought there had been a phone call between Santander and Mr K. This was incorrect, there wasn't a phone call. The phone call that happened was between Santander and another family member of Mr K.

That said, I do agree that Santander ought to have provided a warning to Mr K for the payment of £3,000. However, I don't find it would have had a material effect on preventing the scam. Mr K had been told to select paying family as the purpose for the payment. Mr K did this for the first payment he made (for £2,000 on 15 December 2023). Mr K then proceeded through the questions Santander put to him about paying a family member and continued with the payment. And I can see that Mr K put the payment reference as 'paying a friend'. Mr K then kept this payment reference for all of the remaining payments. And I also note with the remaining payments, Mr K selected a payment purpose of transfer to own account or paying a friend. So, it's likely any warning provided by Santander would have either been in regard to potential safe account scams or friends and family scams. Either way, I'm not satisfied this would have prevented Mr K from going ahead with the payments. And I can't fairly say Santander hasn't met the standards required of it under the CRM Code as a result.

Recovery of funds

I have also considered whether Santander did all it could to try and recover the money Mr K lost. Santander was limited in terms of what it could do here; it could only ask the Receiving Firm to return any money that remained in the recipient account. It needed to make enquiries quickly for the best chance of recovery. The evidence I've seen persuades me Santander did act quickly. While Mr K had reported the matter – it was unfortunately some months after he had made the payments. Sadly, it is common for fraudsters to withdraw or move the money on as quickly as possible. And that was the case here with the beneficiary bank confirming in its response to Santander that the funds had already been utilised.

I'm sorry Mr K lost his money in this way, and I don't underestimate his strength of feeling and why he thinks this money should be returned. But for the reasons explained, I don't find that he had a reasonable basis for believing the payments were for genuine goods or services; and/or the person or business with whom he transacted was legitimate. So, I don't consider Santander are liable to reimburse him for his losses under the CRM Code or for any other reason."

I am sorry to disappoint Mr K, as he was the victim of a cruel scam and lost money to the scammer. However as explained, I don't find that he had a reasonable basis for believing the payments were for genuine goods or services; and/or the person or business with whom he transacted was legitimate. So, I don't consider Santander are liable to reimburse him for his losses under the CRM Code or for any other reason. And unfortunately, Santander wasn't able to recover any funds from the beneficiary bank as it confirmed to Santander that the funds had already been utilised by the time the matter had been reported.

My final decision

For the reasons given above and in my provisional decision, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 2 September 2025.

Matthew Horner
Ombudsman