

The complaint

X complains that Santander UK Plc won't refund the money they lost after falling victim to a scam.

What happened

The background of this complaint is familiar to both parties and isn't in dispute, so I'll summarise it here.

In August 2024, X fell victim to a safe account scam. The scammers were sophisticated and successful in impersonating multiple legitimate financial organisations operating within the UK.

The scammers advised X that their bank account had been compromised and convinced them to transfer money from several accounts they owned, as well as instructing them to make multiple payments, including a payment from X's Santander credit card in the amount of £11,899, to a business providing online auction services I will call "E".

The scam took place over several days with the scammers advising X their payments were "dummy payments" and part of an undercover operation.

Following instructions from the scammers, X attempted multiple payments from their Santander credit card account to several different vendors. Santander stopped these payments and asked X to visit their branch to complete additional security checks.

The scammers convinced X that they needed to persuade Santander to allow each of their payment requests to proceed. After speaking with Santander's fraud department, X decided to cancel two of the payments they'd requested in connection with the scam, however, proceeded with the payment to E.

Once X realised they'd been the victim of a scam, they raised the matter with Santander, however, they declined to refund X the value of the payment made to E as it didn't qualify under the Contingent Reimbursement Model Code (CRM code). They also said they wouldn't refund the loss as the transaction had been authorised.

Our investigator considered X's complaint but they were unable to uphold it. Our investigator explained that due to the scammers providing X with a detailed cover story for their payment to E which X shared with Santander, it wasn't reasonable to expect Santander to be able to uncover the scam when they intervened.

The investigator also explained it was unlikely Santander would've been able to successfully recover X's payment to E by submitting a chargeback or a Section 75 claim, given X's dispute was with the scammer and not E, or the other party E forwarded X's funds onto.

The investigator went on to explain that it was likely the vendor who received X's payment provided the service it was paid for, given it was a genuine merchant and not involved in the scam. Because of this the investigator believed a chargeback wouldn't have been successful.

The investigator also explained that due to X's payment going to E before it was forwarded onto the vendor (supplier), the payment didn't meet the conditions necessary for a successful Section 75 claim.

I can see that X carefully considered our investigator's response to their complaint but respectfully disagreed with their opinion and asked for an ombudsman to consider the complaint.

X also raised several points as to why they disagreed with the investigator's view. They said:

- Santander and the investigator failed to fully consider X's vulnerability at the time of the scam.
- Santander's inadequate fraud detection failed to pick up on X's out of character high value transaction request, and the fact they were vulnerable and anxious at the time of their branch intervention. Santander also didn't find X's last-minute cancellation of transactions suspicious and failed to initiate banking protocol.
- Due to X being coerced into making the payment to E, they believe the payment should be considered involuntary and be refunded under the Payment Services Regulations (PSR's).
- Santander failed to comply with the Contingent Reimbursement Model as they didn't proactively identify and protect X as a vulnerable customer.
- Santander declining to refund X's loss is inconsistent with other financial institutions who have already refunded X for money they lost to the same scam.
- Santander is discriminating against X by dismissing their vulnerabilities based on their profession.

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 very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No courtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Having considered everything, I agree with the Investigator and have decided not to uphold this complaint. I know this will come as a disappointment to X, so I will explain why I have reached my decision.

I'm sorry to hear that X fell victim to this cruel scam and lost a significant amount of money because of it. I also empathise with the impact it had on X's mental health.

Scams can have long lasting effects on the people who fall victim to them, so I don't underestimate how difficult and upsetting it's been for X to deal with the consequences of this scam or to relive the details of it by escalating the complaint to the Financial Ombudsman for further consideration.

It is clear in this case that X has lost a lot of money. And while I do empathise with them, this doesn't automatically entitle them to a refund from Santander. It would only be fair for me to tell Santander to reimburse X if I thought they reasonably ought to have prevented the payments, or they unreasonably hindered any recovery of the funds.

Under the Payment Services Regulations (PSRs) and the terms of the account, X is presumed liable for any loss in the first instance, in circumstances where they authorise a payment. That said, in line with good industry practice, Santander should take proactive

steps to identify and help prevent transactions that appear sufficiently unusual, uncharacteristic or suspicious that could involve fraud or be the result of a scam.

Santander also have a duty to exercise reasonable skill and care, pay due regard to the interest of their customers and to follow good industry practice to keep customers' accounts safe.

X has referred to the CRM Code in their complaint, but I must explain that it doesn't cover card payments, meaning I can't apply it in this case. I've also considered the new APP reimbursement rules that were brought into effect in October 2024, but this was after the scam payments were made and therefore I can't apply those rules to this case either.

Is the payment X made considered authorised under the PSR's?

It may help for me to explain that even if a customer is coerced into making a payment, makes it under duress or is even deceived about the payment's purpose - it doesn't necessarily mean the payment is considered unauthorised.

There are two steps to authorisation: authentication and consent.

Santander have evidenced the payment was submitted online using X's credit card details and with the expected security information. X has confirmed they did authorise the payment to E, albeit under false pretences and after being coerced by the scammer. Based on this, I'm satisfied that the payment was authenticated.

For the second step, I need to be satisfied that X consented to the payment and knew it was being made.

After X made the payment to E, Santander stopped it and intervened by speaking to X over the phone and asking them to visit their branch in person. X visited Santander's branch and Santander have provided evidence to show that they spoke with X and asked questions about the payment to E. Because of this, I'm satisfied X was aware of the payment being made and consented to it (albeit under false pretences, as I mentioned).

So, I'm satisfied that the payment to E was authorised by X.

Would better intervention by Santander have prevented X's loss?

When X visited Santander's branch to release the payment to E (along with two additional payments X had also made in connection with the scam), the Santander branch staff arranged a call between X and their fraud department.

Santander's fraud department asked X about the payment to E including what the payment's purpose was. X confirmed they were purchasing a watch and provided Santander with the exact brand and model of the watch they planned to buy.

Santander asked whether X had completed any authenticity checks on the company they were purchasing the watch from. X explained they'd made purchases from the watch dealer before and had also met them in person. X also explained they normally purchase watches as investments, however, this time the purchase was intended as a wedding gift for a family member. X also confirmed E offered financial protection for the purchase. Santander asked X if they'd ever made purchases with this vendor before using their Santander account and X confirmed they hadn't but had done so using another credit card.

Santander also asked about two additional payments X had made on the same day to two different vendors and although these payments were also in connection with the scam, X had been provided with cover stories by the scammer, in relation to what they were for and why they were genuine.

Having listened to X's call with Santander's fraud department, there was no obvious signs of distress from X or that he was being manipulated by a third-party. In my opinion X sounded calm and in control when speaking to Santander and provided reasonable explanations as to the purpose of each transaction, including the payment to E. X also knew specific details of the watch they were purchasing and provided Santander with additional assurances that the purchase was financially protected by E and that they had personally met and used the vendor before. In the context of what Santander knew about the services E provided, the reason for the payment provided by X would have sounded plausible.

X also explained to Santander during their intervention that they'd purchased watches before as investments. Santander's records show that before agreeing to release X's payment to E, they searched and located previous payments made from X's credit card to E, as well as a similarly priced transaction to different a watch vendor during 2023. This evidence supported what X had told them - that they'd purchased these types of watches before and for similar amounts.

I've also reviewed another complaint our service has considered for X that was made against another firm involving the same scam. In this complaint, the firm did request more information about exactly who X was paying and a copy of the invoice. In that instance, the scammers provided X with a professional looking invoice which X forwarded onto the firm, ultimately leading to the payment being approved. So, even if Santander had asked for evidence to corroborate what X was doing, it's unlikely that would have led to the scam being uncovered – given what happened elsewhere.

X was also asked some additional questions by the other firm, including whether they had been told their account wasn't safe, or if they were being guided by someone else to make their transaction, however, X confirmed they weren't.

X was also warned about how scammers can impersonate other financial institutions and try to pressure people into making payments urgently and if that was happening to stop immediately.

Taking the above into consideration, I believe its clear X was under the scammer's spell at the time of Santander's intervention which is not surprising given its level of sophistication. Because of this I don't believe a better or more in-depth intervention from Santander in this instance would've prevented X's loss, and therefore I believe Santander can't be fairly held liable for it.

I appreciate X feels Santander should have invoked the banking protocol – which is where branch staff can alert the police in instances where they believe customers are falling for scams. But I don't consider Santander would have been concerned enough to have done this while X was in the branch, as they were satisfied X wasn't at risk following the checks carried out.

I understand X was vulnerable at the time of Santander's intervention, however, I can't see that Santander were made aware of this vulnerability prior to the scam taking place. In addition, while it is the case that banks should look out for signs of vulnerability, from the evidence I have, X didn't present any clear or obvious signs they were vulnerable during Santander's intervention. Because of this, I can't fairly say Santander should've taken additional steps to support X during their intervention.

Did Santander discriminate against X

I understand X has raised concerns that Santander discriminated against them by dismissing their health concerns given their profession. I understand this may stem from Santander's response to X's complaint once they obtained advice from a third party.

Santander's response to the third party explained they understood the reason X was vulnerable during the time of the scam, was in part down to the intensity of work they'd carried out in their profession. They also said that X's profession "would not class them as being vulnerable to be considered for a refund".

It's not our role to say whether a business acted unlawfully or not – as that is a matter for the Courts. Our role is to decide what's fair and reasonable in all the circumstances. To decide that, however, we have to take a number of things into account including relevant law and what we consider to have been good industry practice at the time.

Having reviewed Santander's response to the third party, I've understood it to mean X wouldn't have been automatically considered vulnerable based solely on the type of employment they carried out. Santander explained that X's profession wouldn't qualify them as vulnerable or result in a refund of the sum lost to the scam.

From what I've seen I don't believe Santander were suggesting that X couldn't develop vulnerabilities or other health concerns because of the role they hold, but rather their profession alone, wasn't cause for Santander to consider X vulnerable or a reason to refund the money lost. So I don't find Santander acted unfairly when making those comments.

Other financial institutions have refunded X for the same scam

I appreciate X has raised similar complaints with multiple other financial institutions regarding the same scam and some of those institutions have decided to provide X with a full refund of any monies they lost.

Whilst I'm pleased to hear X managed to successfully recover some of their losses from this cruel scam, it doesn't mean Santander is obligated to do the same. While a complaint about the same scam can be raised with multiple businesses, we must consider the actions of each business individually, and assess each case based on its own circumstances.

While I agree that X didn't act recklessly or negligently, they were heavily under the influence of the scammer, being guided on what to say and do as part of a very sophisticated and convincing scam. Because of this, I don't believe Santander would have been able to uncover the scam.

Is X entitled to a refund under chargeback or Section 75

X's payment was made by card, so the chargeback process is relevant here. The chargeback scheme is a voluntary agreement between card providers and card issuers who set the scheme rules and is not enforced by law.

A chargeback isn't guaranteed to result in a refund, there needs to be a right to a chargeback under the scheme rules and under those rules the merchant or merchant acquirer can defend a chargeback if it doesn't agree with the request.

We would only expect Santander to raise a chargeback if it was likely to be successful. Santander considered raising a chargeback for X's card payment, however decided not to

progress with it as they considered the transaction to be outside of the chargeback scheme rules.

As I understand it, X's payment was made to E, before being forwarded to the vendor. E is a genuine merchant, as was the vendor, with neither party having any direct involvement in the scam. Given Santander were only able to raise a chargeback against E, I don't believe this would've been successful as E carried out X's instruction to make the requested payment, therefore, carried out their duties as expected.

Because of this, I do not think Santander had any reasonable prospect of success if they were to have processed a chargeback claims against E.

In respect of a section 75 claim, that part of the Consumer Credit Act sets out the circumstances in which a borrower under a credit agreement has an equal right to claim against the credit provider if there's either a breach of contract or misrepresentation by the supplier of goods or services. That requires a direct link to be established between the credit provider (referred to as 'creditor' in the Act), the customer ('debtor') and merchant ('supplier') involved in the transaction. But unfortunately that wasn't the case here – as the debtor (X) – creditor (credit card issuer) – supplier (watch company) link was broken. Because the watch was purchased via E, the credit card payment didn't go directly from the creditor to supplier. For Section 75 to apply, this would have needed to happen. As it didn't, it can't be applied.

Overall, I strongly empathise with X and what they have been through. They have been the victim of a cruel scam and I am really sorry this has happened and for the impact it's had on them. However I can only look at the actions of Santander, and I don't think they are responsible for the loss X has suffered. So, while I know this will come as a disappointment to them, I don't think Santander have acted unfairly by not refunding the money lost.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 14 January 2026.

Danielle Padden
Ombudsman