

The complaint

Mr M complains that Santander UK Plc won't reimburse him after he fell victim to a cryptocurrency investment scam.

Mr M is professionally represented in bringing his complaint, but for ease of reading I'll refer to all submissions as being made by Mr M directly.

What happened

The circumstances to this complaint have already been set out in detail by our investigator so I won't repeat them here. But briefly, both parties accept that Mr M fell victim to an investment scam that he was introduced to by a friend, whereby he was led to believe that by investing cryptocurrency onto a scam platform, he would receive around 0.5% interest per day. However, when he became unable to withdraw his perceived returns, Mr M realised he'd fallen victim to a scam. Mr M made the following payments as a result of the scam:

Payment number	Date	Value	Payment details
1	01/09/2021	£500	Payment to cryptocurrency wallet
2	02/09/2021	£5,000	Payment to cryptocurrency wallet
3	03/09/2021	£90	Payment to cryptocurrency wallet
4	28/09/2021	£192	Payment to cryptocurrency wallet
5	19/11/2021	£50	Payment to another e-money account owned by Mr M, £5 of which was passed on to the scam
6	23/12/2021	£400	Payment to Mr M's e-money account and subsequently to his cryptocurrency wallet
7	27/12/2021	£380	Payment to cryptocurrency wallet
8	24/03/2022	£282	Payment to cryptocurrency wallet
9	24/03/2022	£2	Payment to cryptocurrency wallet
10	25/03/2022	£500	Payment to cryptocurrency wallet
11	20/07/2022	£85	Payment to cryptocurrency wallet
12	23/07/2022	£90	Payment to

			cryptocurrency wallet
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Once payments were sent to Mr M's cryptocurrency wallet, they were then transferred onto what he believed was an investment platform, but was in fact the fraudster's wallet. For the first payment made towards the scam, £220 was initially sent onwards. Around £270 was later sent alongside losses from payment two.

Realising Mr M had fallen victim to a scam, he contacted Santander to raise a claim. Santander considered the claim but didn't uphold it. It said that Mr M's Santander account wasn't the point of loss, as funds first went through either another of Mr M's e-money accounts, or his own cryptocurrency wallet.

Mr M remained unhappy and referred his complaint to our service. An investigator considered the complaint and upheld it in part. He thought that Santander ought to have contacted Mr M when he attempted to make payment two, based on the size of the payment and that had it done so, it's more likely than not that the scam would've come to light. The investigator also thought Mr M ought to have done more to research the opportunity himself, which likely would have uncovered that this wasn't a legitimate investment. The investigator therefore considered that Santander should be liable for 50% of Mr M's losses from payment two onwards (including the £270 from payment one that was transferred alongside payment two).

Mr M agreed with the investigator's view but Santander didn't. To summarise, Santander said that:

- Firms have a balance to strike between having fraud controls in place and not causing undue friction for customers wishing to move funds between accounts. Santander believes it met that balance in this case
- Funds were being sent to Mr M's own cryptocurrency wallet, so any further intervention would only have established this fact
- It does not feel fair that Santander is being asked to refund Mr M because he does not have the right to complaint to our service about his cryptocurrency wallet – or because losses are less from his other e-money account provider.
- Mr M was asked for the payment purpose when transferring funds and, at different times, selected 'paying for a service', transfer to own account' and 'paying a friend'. This is despite there being an option to indicate a payment was being made to an investment. It's therefore not clear that Mr M would've chosen to be honest to Santander had they intervened in payments.

As Santander disagreed with the investigator's view, the complaint has been referred to me for 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.

There's no dispute that Mr M authorised these transactions and that means that under the Payment Services Regulations 2017 and the terms of his account he is presumed liable for the loss in the first instance. The Contingent Reimbursement Model (CRM) Code does provide further protection for *some* payment transfers that were made as the result of a fraudster. However, the CRM Code does not cover payments made to another account held and controlled by the customer, as was the case for these payments.

However, taking into account longstanding regulatory expectations and requirements and what I consider to have been good industry practice at the time, Santander ought fairly and reasonably to have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances.

Having considered the second payment Mr M made towards the scam, I think it was sufficiently high value and out of character for the account that Santander ought to have asked further questions, prior to processing it. Mr M had only made his first payment to this account the day before, so I wouldn't consider this to be an 'established' payee that carried a lower risk. Additionally, The Financial Conduct Authority (the FCA) had issued warnings regarding cryptocurrency scams since at least 2019, so while Santander may have understood that Mr M was making payments to his own cryptocurrency wallet, this shouldn't have led Santander to determine that there was no risk of fraud associated with them.

Santander has said that had it asked about this second payment, it would only have established that Mr M was making payments to his own cryptocurrency wallet, but I disagree on this point. Considering that any intervention ought to have attempted to establish that Mr M was not falling victim to a scam, I would expect Santander to probe further than solely finding out where the immediate payment destination was. For example, I'd expect Santander to question why Mr M was making the payments at all, and, if determined it was for an investment, to ask questions such as how Mr M came to find this investment, whether he has an account manager or anyone else advising him, whether he has been given a suggested rate of return, the name of the investment and whether his funds are remaining in his account.

I've considered the fact that Mr M didn't choose the most relevant payment purpose when making these payments and whether I think he would've been honest with Santander about why he was transferring funds. Mr M has explained he can't recall why he selected the payment purposes he did, but that he wasn't coached by the fraudsters, or told to mislead the bank, and I've seen nothing within chat transcripts with the fraudster that refutes his testimony. Had Mr M fully disclosed why he was making the payments and where the funds were being sent, I think Santander ought to have been able to identify this was a scam. I say this as by the time Mr M made these payments, there were already warnings issued by the FCA about the scam firm in question. However, even if Mr M hadn't specified the scam firm specifically, Santander still had the benefit of knowing that transfers were being made to a cryptocurrency wallet based on the account details, so from the outset there was an already limited number of reasons why Mr M may be making these payments to discuss with him. I think it's likely that Mr M's explanation for moving his money would've at least led Santander to establish that he was paying towards a cryptocurrency investment which it then could've provided a warning for. Mr M's scam followed several typical hallmarks of a scam, such as having a form of investment advisor, unrealistic returns and legitimate appearing platforms that funds are transferred onto. Had Santander advised Mr M of these common hallmarks and recommended he conduct research on the firm he's investing with, I think it would have been easily identifiable that the firm he was investing with was in fact a scam.

Of course, it's always possible that Mr M would've entirely misled Santander – unfortunately I can never say with certainty what would have happened in conversations that never materialised, that I think ought to have taken place. However, I have to consider what I think is more likely than not here, and having considered all the available evidence, I think it's more likely than not that Santander would've identified that Mr M was falling victim to a scam – or provided Mr M with sufficient advice to find this out himself. I therefore think Santander can be held liable, at least in part, for Mr M's losses.

Santander has stated it considers it unfair that other financial institutions shouldn't also be held liable, either because they aren't within our service's remit, or because payments from their accounts weren't large enough to have triggered intervention measures.

But as I've set out in some detail above, I think that Santander still should have recognised that Mr M might have been at risk of financial harm from fraud when he made the second payment towards the scam, and in those circumstances it should have intervened. Had it done so, I am satisfied it would more than likely have prevented the losses Mr M suffered. The fact that the money wasn't lost at the point it was transferred to Mr M's own cryptocurrency account, or another banking provider, does not alter that fact and I think Santander can fairly be held responsible for Mr M's loss in such circumstances. I don't think there is any point of law or principle that says that a complaint should only be considered against the firm that is the point of loss.

I've also considered that Mr M has only complained against Santander about the money he lost from this account. Mr M could instead, or in addition, have sought to complain against other firms. But Mr M has not chosen to do that and ultimately, I cannot compel him to. In those circumstances, I can only make an award against Santander.

Ultimately, I must consider the complaint that has been referred to me (not those which haven't been or couldn't be referred to me) and for the reasons I have set out above, I am satisfied that it would be fair to hold Santander responsible for Mr M's loss from the second payment he made to the scam (subject to a deduction for Mr M's own contribution which I will consider below).

Should Mr M bear any responsibility for his losses?

In considering this point, I've taken into account what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint.

I recognise that there were aspects to this scam that would have appeared convincing. He was introduced to the opportunity by a friend who appeared to be receiving profits, and had oversight of a legitimate appearing trading platform.

However, I have also taken into account that it doesn't appear Mr M did much of his own independent research into this investment – as had he done so, I think it would've been quite easily apparent that there were FCA warnings already in place about the firm in question. Mr M was also being led to believe he would receive likely returns significantly above any savings rates available – to the extent that I think Mr M ought to have had concerns about how realistic these returns were and whether the opportunity was simply too good to be true.

Overall I've concluded, on balance, that Santander can fairly reduce the amount it pays to Mr M because of his role in what happened. Weighing the fault that I've found on both sides, I think a fair deduction is 50%.

Could Santander have done anything else to recover Mr M's money?

I've also thought about whether Santander could have done more to recover the funds after Mr M reported the fraud.

Payments were made to accounts or wallets in Mr M's name, prior to being passed onto the fraudster as cryptocurrency. So any attempt to recover Mr M's funds would have been from his own accounts. I therefore don't think Santander had any prospects of recovering Mr M's funds.

My final decision

My final decision is that I uphold Mr M's complaint in part. I direct Santander to pay:

- 50% of payments 2-4 and 6-12.
- 50% of the £5 Mr M lost from payment 5.
- 50% of the £270 Mr M sent from payment 1, alongside his subsequent payments.
- 8% simple interest from the date each payment was made until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 November 2025.

Kirsty Upton
Ombudsman