

The complaint

Mr B complains that Santander UK Plc won't reimburse him after he made payments towards an investment that he now considers to have been a scam.

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

What happened

The circumstances of this complaint have been set out in detail already by our Investigator, so I don't intend to repeat them here. But briefly, both parties accept that between May and June 2019, Mr B made two payments totalling £80,000 to a firm I'll refer to as 'M', on the understanding that M was a property development company who would invest his funds in a number of developments - and that he would receive annual returns of 12%.

Mr B received expected returns of £4,000 in December 2019, but nothing further. Mr B became concerned about his investment in April 2020, after receiving communication from M that it was experiencing financial difficulties. Companies within M's group have since been wound up.

Believing he had fallen victim to a scam, Mr B raised a complaint with our service. Santander responded that while there were signs that M later misappropriated funds and misled investors, this was not the case at the time Mr B invested. It therefore considered this was a civil dispute between Mr B and M.

An Investigator considered Mr B's complaint and didn't uphold it. He also didn't think there was sufficient evidence currently available that M intended to deceive investors from the outset, rather than being a failed investment.

Mr B disagreed with the investigator's view, so 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.

I'm very sorry to hear of the position Mr B has been left in. He's paid out a considerable amount of money and sadly didn't receive anywhere near the returns he'd expected.

Of course, Santander didn't contract with Mr B for this investment, and I can't hold it responsible for any failings on M's part. As a starting point in law, Mr B is responsible for payments he's instructed Santander to make. Unfortunately, there's little protection available to him for bank transfer payments, like these were.

The Lending Standards Board Contingent Reimbursement Model Code (the CRM Code) does provide some protection to victims of APP scams. But it specifically excludes private civil disputes.

There are a number of potential reasons (other than an APP scam) for a dispute such as Mr B's to exist. And unfortunately, investments (such as M) can fail or be mismanaged such that agreed returns aren't provided. But that doesn't necessarily amount to evidence of an intent to commit an APP scam.

Instead for a payment to be covered by the CRM Code, it must meet the definition of an APP Scam under the CRM Code. In this context, that would require that the very purpose for which M procured the payment was different to what Mr B believed due to dishonest deception. In other words, I would need to be satisfied that M obtained funds from Mr B with no intention of investing them in property development projects as advised.

Based on the testimony seen from investors, it seems accepted that M misled investors on how secure the investments were it was providing. However, a misrepresentation of facts doesn't demonstrate an intent to defraud. We've also seen other evidence to suggest that M was operating in property development investments as it claimed. Again, this has all been set out in extensive detail by our Investigator, but as a summary:

- Companies House confirms that different companies within M's group have different charges registered with multiple companies, including fixed charges, one of which is a firm stated as M's Security Trustee, which indicates legitimate operating.
- Some investors were provided with a valuation report completed by an independent third party, setting out that subsidiaries of M are intended as 'special purpose vehicles' (SPVs) to participate in the acquisition, development and onward sale of properties.
- Reports detail multiple projects M was involved with, at various stages of completion, which confirm funding for the projects as being through loan notes, which is in line with what Mr B believed he was doing.
- Evidence received from receiving banks of M's businesses show activity in line with the intended purpose of M.
- Reports published by the Insolvency Service state that the investigation into the cause of M's insolvency is ongoing. However, we've so far seen no evidence within the reports that indicates an intent to defraud.
- Prior to M being wound up, M communicated its financial difficulties with investors and set out ways it hoped to find a way forward. However, these plans were unsuccessful. However, I think the evidence supports that this was a legitimately operating firm that later ran into financial difficulties.
- I'm unaware of any current investigation into M by the Police.

Therefore, while I'm sorry to disappoint Mr B, I don't think the evidence currently available supports Mr B's allegation that M took funds from him with criminal intent and I'm therefore unable to direct Santander to reimburse him under the CRM Code.

Mr B has referred to other decisions issued by our service where it was determined that individuals had fallen victim to a scam in similar circumstances. However, these cases relate to different businesses to that which Mr B invested in and each case is investigated on its individual merits. In Mr B's specific circumstances, I don't think the threshold for determining a scam has taken place has been met.

Mr B has also raised other elements of the CRM Code, such as providing effective warnings and intervention methods. But I can only apply these considerations where I ultimately have determined a scam has taken place, as I otherwise can't determine Santander would have had any reason to prevent this payment from being processed. In any event, I can see that

in this case, Santander *did* stop payments made by Mr B and questioned him (although due to the length of time that's passed, calls are no longer available.)

If further evidence should come to light in future, Mr B can ask Santander to reinvestigate his claim on that basis. However, based on the evidence currently available, I can't fairly hold Santander responsible for the loss suffered here. It also means I find the bank had no ability or obligation to try and recover Mr B's money.

My final decision

My final decision is I don't uphold Mr B's complaint.

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

Kirsty Upton
Ombudsman