

The complaint

Mr P is being represented by solicitors. He's complaining about Santander UK Plc because it declined to refund money he lost as a result of fraud.

What happened

Sadly, Mr P fell victim to a cruel job scam. He was contacted online and offered online work by scammers that were cloning a legitimate firm. He was required to carry out sets of tasks, which he was required to pay in cryptocurrency to access, and for which he expected to receive commission once a set was completed.

Mr P made payments to the scam from two accounts, one with Santander and one with another bank. On 10 November 2024, he transferred the following amounts from his Santander account to a cryptocurrency exchange that were lost to the scam:

No.	Time	Amount £
1	16.03	8,500
2	16.58	25,000

Mr P's representative has also referred to a transfer for £8,500 earlier on the same day, but a review of account statements shows this went to his other bank account.

A review of the statements from Mr P's other bank account also shows he received payments from the cryptocurrency exchange of £148.10 and £138.10 on 9 and 11 November 2024 respectively.

My provisional decision

After the complaint was referred to me, I issued my provisional decision setting out why I thought it should be partly upheld. My reasons were as follows:

There's no dispute that Mr P authorised these payments. In broad terms, the starting position at law is that a bank is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, 'authorised' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

This notwithstanding, there are some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Santander also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may

be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these points into account, I need to decide whether Santander acted fairly and reasonably in its dealings with Mr P.

Should Santander have recognised that Mr P was at risk of financial harm from fraud?

Losses to cryptocurrency fraud reached record levels in 2022 and, by the end of that year, many high street banks had placed restrictions or additional friction on cryptocurrency purchases owing to the elevated fraud risk. So, by the time these payments took place, I think Santander should have recognised that payments to cryptocurrency carried a higher risk of being associated with fraud.

Payment 1 was for a large amount and was going to a known cryptocurrency exchange. I've not seen any evidence that shows Mr P had used the account to purchase cryptocurrency before and I think this is the point at which Santander should have identified he was at risk of harm from fraud.

What did Santander do to warn Mr P at the time?

Santander has said that payment 1 didn't pass through smoothly and that it asked Mr P to confirm the reason for it. It says he selected that he was moving money to another account and that warnings relating to this type of transaction were shown before the payment was completed.

Santander has also said that no further intervention was attempted before payment 2 left Mr P's account.

What kind of warning should Santander have provided?

In view of the risk payment 1 presented, I think a proportionate response to that risk was for Santander to enquire about the purpose of the payment with a view to establishing what type of scam could be taking place and then to show a tailored warning setting out some of the common features of that type of scam. On balance, I'm satisfied that's broadly what happened on this occasion.

The effectiveness of any fraud intervention is to some extent dependent on the customer providing accurate information about the payment being made. If Mr P had accurately reported what the payment was for, I would have expected Santander to have shown warnings relating to job scams that may have resonated with him.

Payment 2 was Mr P's second payment to cryptocurrency in under an hour and was for a much larger amount. Repeated and increasing payments to cryptocurrency are a feature of many types of scams and rather than allowing this transfer to go ahead

without question, I think Santander should have been more concerned than it had been previously that it might be part of a scam.

Having thought carefully about the risk payment 2 presented, I find that Santander should have gone further and paused the transfer until it had been able to speak to him – most likely by telephone - to find out more about the circumstances.

If Santander had intervened as I've described, would that have prevented the losses Mr P suffered from payment 2?

While Santander wouldn't have known this, Mr P's other bank did have a conversation with him earlier in the day about a payment for £8,500 he tried to make from his other account. During this call, he explained that he was paying money to access commission from task-based online work. The agent explained that she believed this was a scam, which he acknowledged, and the payment was cancelled. Mr P then moved his money back to Santander and this funded payment 1 above.

If Santander had contacted Mr P about payment 2, I've no reason to think an appropriately qualified agent wouldn't also have been able to recognise this was a scam as the agent from his other bank had done and that the payment would have been stopped.

Mr P did show some determination to send money to the scammers, telling the other bank that he believed he'd ultimately get it back if he made further payments. But given his other bank had identified the scam and was able to stop facilitating payments, it's difficult to see how he'd have been able to easily get further money to the scammers if Santander had done the same.

The balance on Mr P's other account was nominal and it seems Santander held the vast majority of his money. Once it had identified the scam, Santander would have been able to look out for any further attempt he might have made to pay money to the scammers, for example by setting up an account with yet another bank and trying to transfer money via that route. Attempts to get around Santander's security procedures in this way should have been identifiable and if necessary it could have blocked the account and/or called Mr P in to a branch to speak to a member of staff from where the relevant authorities could have been notified if necessary.

On balance, and taking everything into account, I conclude that payment 2 would have been prevented if Santander had intervened appropriately before the money left Mr P's account.

Is it fair and reasonable for to be held responsible for Mr P's loss?

I have taken into account that Mr P remained in control of his money after making the payments from Santander. It wasn't lost until he took the further step of transferring the cryptocurrency purchased to the scammers. But Santander should still have recognised he was at risk of harm from fraud, made further enquiries about payment 2 and ultimately prevented that loss. I think Santander can fairly be held responsible for any loss in these circumstances.

Should Mr P bear any responsibility for his losses?

I've considered the evidence carefully to decide what's fair and reasonable. While I accept Mr P genuinely believed these payments were being made in connection with a legitimate employment opportunity, I'm not persuaded that belief was a reasonable one.

I've seen no evidence of any formalisation of the arrangement between Mr P and

the employer, for example a written contract or clear setting out of the terms of employment. In addition to that, the arrangement was very different to the normal employer-employee relationship. In most circumstances, people expect to be paid by their employer, rather than the other way around.

In the circumstances, I think Mr P should have proceeded only with great caution. Instead, he ignored warnings from the other bank and continued to make the above payments from his Santander account anyway. Overall, I think it's fair and reasonable for Santander to make a 50% deduction from the redress payable.

Recovery of funds

I've also looked at whether Santander could or should have done more to try and recover Mr P's losses once it was aware that the payments were the result of fraud.

It's a common feature of this type of scam that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery. I understand Mr P didn't notify Santander of the fraud until several weeks after the payments were made and it's not a surprise that its attempts to get his money back weren't successful.

In any event, Mr P transferred funds to a legitimate cryptocurrency account in his own name. From there, he purchased cryptocurrency and moved it onto a wallet address of his choosing (albeit on the scammers' instructions). Santander could only try to recover funds from Mr P's account and it appears the money had already been moved on and, if not, anything that was left would still have been available to him to access.

In the circumstances, I don't think anything that Santander could have done differently would likely have led to these payments being recovered.

In conclusion

For the reasons I've explained, I don't think Santander acted fairly and reasonably in its dealings with Mr P and I'm proposing to uphold this complaint in part. While I don't think it acted incorrectly in processing payment 1 in line with his instructions, if it had carried out an appropriate intervention before payment 2 debited his account, I'm satisfied that payment would have been prevented.

The responses to my provisional decision

Mr P's representative confirmed his acceptance of my provisional decision. Santander initially accepted my final decision and then asked for more time to respond, but ultimately had nothing further to add.

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.

As neither party has made any further submissions, my findings haven't changed from those

I set out previously.

Putting things right

The principal aim of any award I make must be to return Mr P to the position he'd now be in but for the errors or inappropriate actions of Santander, while allowing for any responsibility he should reasonably bear. If Santander had carried out an appropriate intervention as I've described, I'm satisfied the scam would have been stopped and Mr P would have retained the money that was lost from payment 2. As outlined above, I've applied a 50% deduction to the amount to be refunded in recognition of Mr P's own contribution towards the loss.

To put things right, Santander should pay Mr P compensation of A + B, where:

- A = a refund of 50% of payment 2 (less the £138.10 returned on 11 November); and
- B = simple interest on the amount being refunded in A at 8% per year from the date of the payment to the date compensation is paid.

Interest is intended to compensate Mr P for the period he was unable to use this money. HM Revenue & Customs (HMRC) requires Santander to deduct tax from any interest. It must provide Mr P with a certificate showing how much tax has been deducted if he asks for one.

I'm satisfied this represents a fair and reasonable settlement of this complaint.

My final decision

My final decision is that I partly uphold this complaint. Subject to Mr P's acceptance, Santander UK Plc should now put things right as I've set out above.

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

James Biles
Ombudsman