

The complaint

Mr M complains that Santander UK Plc did not reimburse the funds he lost to a scam.

What happened

Mr M was introduced to an investment opportunity via a friend, who had known Mr M's fiancé for many years. The friend, who I will refer to as Mr L, was acting as an 'upline' for the investment opportunity and appears to have been an introducer of sorts. Mr M therefore transferred Mr L two payments from his Santander account; £2,370.50 on 4 March 2022 and a further £2,373.80 on 10 March 2022. Mr L then forwarded the funds onto the investment platform for Mr M to use. Mr M says he was told he would receive triple the returns on his investment. However, he was never able to make any withdrawals and soon lost all access to the investment platform.

Mr M's professional representative has said it has now been agreed that the investment platform Mr M used was a scam operation, and they therefore raised a scam claim with Santander for reimbursement of the funds. However, Santander explained they felt this was a civil dispute and not a scam, as they had seen no evidence to suggest a scam had occurred.

Mr M referred the complaint to our service and our Investigator looked into it. They initially assessed the transactions under the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code, and upheld the payments under the relevant rules of the Code. However, further guidance was issued on these payments and having reviewed this, the Investigator no longer felt the payments were covered under the CRM Code, as they did not think Mr L was a party to the scam. With this in mind, they did not think Santander needed to intervene in the payments as they were relatively low value.

Mr M's representative disagreed with the outcome. In summary, they felt the underlying nature of the fraud he was induced to did not change depending on who he made the payment to, so they felt the payments should still be assessed under the Code. They also added that they felt the payments were unusual and that Mr M was vulnerable to the scam.

As an informal agreement could not be reached the complaint has been passed 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.

The first thing I have considered is if payments are covered by the CRM Code. The Code states that the definition of an APP scam must be met for the Code to apply, and the one I will focus on here is '*The Customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent.*'

I have considered the comments put forth by Mr M's representative, that the underlying nature of the fraud is not altered by the method used to fund the scam with. While I understand their point of view, the Code is specific in what is covered and what is not.

Mr M authorised two payments to Mr L, and as per the Code outlined above, for this to be covered Mr M would have needed to believe these were for a legitimate purpose but this purpose would need to be fraudulent. And when considering this I need to limit this test to the payment Mr M made to Mr L and not the onward payment to the investment.

Firstly, I should highlight that I have seen no evidence to show what the end investment was or to evidence Mr M's funds were forwarded on after Mr L received them. I have seen no brochures or contracts provided to Mr M or any correspondence at all linking him to the end investment. I have also not seen any evidence he had access to the platform he has mentioned, so I am already limited in what I can reasonably consider.

When focussing on the payment to Mr L, I have not seen any evidence to suggest Mr L was aware of the investment company operating fraudulently, I therefore have seen no evidence to suggest Mr L intended to scam Mr M and that he forwarded on the funds to the investment platform in bad faith. It follows that Mr L and Mr M both shared the same purpose for the funds, and I think that the initial transfers to Mr L were for legitimate purposes. I say this because Mr M intended to forward the funds to Mr L so that they could then be passed onto the investment, and this is what Mr L allegedly did (though this is based on Mr M's testimony and not material evidence). I therefore do not think the payments are covered under the CRM Code, however, Barclays does still have a basic duty of care to its customers as I will explain in more detail below.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Mr M authorised the payments in question as he believed he was making a legitimate investment. So, while I recognise that he didn't intend the money to go to scammers, the starting position in law is that Santander was obliged to follow Mr M's instruction and process the payments. Because of this, he is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Santander did enough to try to keep Mr M's account safe.

I have reviewed his statements and compared the scam payments to his genuine account activity. Having done so, I just don't think the payments were of a high enough value to have warranted an intervention by Santander before they were processed. There was a gap of around a week between each payment, so I do not think the overall pattern of the payments was suspicious either. I therefore do not think Santander made an error when it did not flag the payments for additional checks. Mr M's representatives have said Santander should have had concerns about the payee, but I don't agree that they should have flagged payments being made to Mr L, as there was no indication these would be linked to a fraudulent investment scheme.

It has also been alleged that Mr M was vulnerable to the scam, as he was an inexperienced investor. However, as the CRM Code does not apply in this case, any requirement on the bank to automatically reimburse Mr M due to a relevant vulnerability falls away. Having

carefully considered everything, I do not think Santander is liable to reimburse Mr M under the circumstances.

My final decision

I do not uphold Mr M's complaint against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 27 November 2025.

Rebecca Norris
Ombudsman