

The complaint

Mr S complains that Santander UK Plc didn't do enough to protect him from the financial harm caused by an investment scam, or to help him recover the money once he'd reported the scam to it.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr S was contacted out of the blue by someone who claimed to work for Company B, who told him about an opportunity to invest in R. Before going ahead with the investment, Mr S checked that B was registered on Companies House, made several telephone calls to individuals associated with the investment, and received convincing information and documentation. Based on this, he was led to believe the investment was genuine.

On 3 April 2019, Mr S transferred £10,000 from his Santander account to "R", but unfortunately, B turned out to be a clone of a genuine company, and he lost the money. He complained to Santander but it refused to issue a refund and so he complained to this service with the assistance of a representative who argued that the payment drained the account, and Santander didn't provide any warnings.

But our investigator didn't think the complaint should be upheld. He was satisfied Mr S had provided evidence that B was a clone of the genuine company, and he accepted Santander should have intervened when he made the payment. But he didn't think it would have made a difference because the FCA warning about the clone of B post-dated the payment (the warning was dated 9 May 2019), and Mr S had been given paperwork, so it would have appeared that he was investing in the genuine company and there would have been nothing to suggest he was being scammed.

Mr S has asked for his complaint to be reviewed by an Ombudsman. His representative has argued that our investigator didn't consider Santander's obligations under the Contingent Reimbursement Model ("CRM") Code, and the fact there were no red flags to raise suspicion doesn't remove Santander's obligation to intervene because he was making a high value payment to a new beneficiary. The representative should have questioned Mr S about the payment and provided advice about scams involving cloned companies.

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.

Having done so, I've reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Mr S has been the victim of a cruel scam. I know he feels strongly about this complaint, and this will come as a disappointment to him, so I'll explain why.

CRM Code

The Contingent Reimbursement Model (“CRM”) Code requires firms to reimburse customers who have been the victims of Authorised Push Payment (‘APP’) scams. But the CRM Code didn’t come into force until after Mr S made this payment.

I’m satisfied Mr S ‘authorised’ the payments for the purposes of the of the Payment Services Regulations 2017 (‘the Regulations’), in force at the time. So, although he didn’t intend the money to go to scammers, under the Regulations, and under the terms and conditions of his bank account, Mr S is presumed liable for the loss in the first instance.

There’s no dispute that this was a scam, but although Mr S didn’t intend his money to go to scammers, he did authorise the disputed payments. Santander is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

Prevention

Santander ought to fairly and reasonably be alert to fraud and scams and the payments were part of a wider scam, so I need to consider whether it ought to have intervened to warn Mr S when he tried to make the payment. If there are unusual or suspicious payments on an account, I’d expect it to intervene with a view to protecting Mr S from financial harm due to fraud.

The payment didn’t flag as suspicious on Santander’s systems. I’ve considered the nature of the payment in the context of whether it was unusual or uncharacteristic of how Mr S normally ran the account and, as he’d made a payment for £20,000 to a new payee on 9 January 2019, I don’t think it would have appeared unusual. And, even if Santander had intervened, I agree with our investigator that it wouldn’t have made a difference.

This is because, even though he’d been contacted out of the blue by someone claiming to work for B, there were no other concerning factors present, so there would have been no reason for Santander to suspect he was being scammed. I would potentially expect it to have advised him to check the FCA register, but both B and R were regulated companies, and there were no warnings about either company in April 2019 on either the FCA or IOSCO websites. So, there would have been no cause for concern.

I’m sorry to hear Miss B has lost money and the effect this has had on him. But for the reasons I’ve explained, I don’t think Santander is to blame for this and so I can’t fairly tell it to do anything further to resolve this complaint.

Recovery

I don’t think there was a realistic prospect of a successful recovery because due to the time that had passed between making the payment and Mr S reporting the fraud, the money would likely have already been removed from the receiving account.

Compensation

The main cause for the upset was the scammer who persuaded Mr S to part with his funds. I haven’t found any errors or delays to Santander’s investigation, so I don’t think he is entitled to any compensation.

My final decision

For the reasons I've outlined above, my final decision is that I don't uphold this complaint.

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

Carolyn Bonnell
Ombudsman