

The complaint

Mr L is unhappy that Santander UK Plc, has decided not to refund him, after he invested in what he now thinks is a scam.

What happened

I'm satisfied the circumstances of this complaint are well-known to both parties, as such I have summarised them briefly below.

In July 2021, Mr L says he saw an online advertisement regarding the opportunity to purchase a luxury lodge. He raised an enquiry following which he was contacted by a company I'll refer to as A. The investment opportunity itself was offered by a company I'll refer to as X.

Mr L says he was told by A that he would be purchasing a 3-bed premier lodge and a plot for £90,000. He also says the investment opportunity promised returns of 9% per annum paid quarterly, for a five-year period. X would then buy back the lodge at a rate of 10% above the original purchase price after that. Mr L was advised by A he'd need to make his payments to X. He did so in two separate transactions of £1,000 and £89,000.

Mr L received returns on his investment paid quarterly as agreed, up until mid-2024. But these stopped after one of the companies involved (which I'll refer to as Y) entered into administration.

Mr L alongside other investors believed the investment opportunity was a scam. As such, Mr L through his professional representative raised a claim with his bank in February 2025. It asked that Santander reimburse Mr L's losses under the Contingent Reimbursement Model (CRM) Code to which it was a signatory at the time of the payments.

Santander initially advised Mr L that it was considering his claim. But after no outcome was received, a complaint was brought to this service in March 2025. By May 2025, Santander advised Mr L's professional representative there was an ongoing police investigation into X which had yet to be concluded. Santander considers the outcome of that investigation might reasonably inform its decision into Mr L's case and that a provision within the CRM Code allows them to do so. Therefore, it was unable to uphold his complaint.

Our investigator considered the complaint. In doing so, she considered whether it was fair for Santander to delay providing an outcome to Mr L's claim. She was satisfied it could, that's because she was unable to fairly conclude the most likely explanation for the failure of the investment with X was because it was operating a scam from the outset.

Mr L's representative disagreed presenting submissions that it considered demonstrated the investment opportunity was in fact fraudulent and therefore Santander was required to reimburse Mr L's losses under the CRM Code.

As agreement couldn't be reached, the complaint has now been passed to me to decide.

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 aware I've summarised this complaint and the relevant submissions briefly, in much less detail than has been provided, and in my own words. No discourtesy is intended by this. In this decision, I've focussed on what I think is the heart of the matter here. Therefore, if there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I consider is the right outcome. Our rules allow me to do this, reflecting the informal nature of the Financial Ombudsman as a free alternative to the courts.

My role is to consider the evidence presented by the parties to this complaint and reach what I think is a fair and reasonable decision, based on what I find to be the facts of the case.

I acknowledge the complexity of this case. I am aware that multiple investors have brought claims that they lost money after investing with X, and its associated companies. I'm also aware there are other interested parties, including liquidators and the police, who are currently conducting various reviews and investigations; the timelines and outcomes of which are currently unknown. I'm therefore conscious that new information may become available at some point in the future, which may shed more light on the situation than is currently known.

But I can only conclude this case based on the information that is currently available to me. I do not think it would be in the interest of fairness to delay reaching an outcome in this case in the hope of receiving further evidence at some unspecified date in the future which may impact my findings.

Should materially new evidence come to light after I have reached this decision, Mr L would be entitled to ask Santander to reconsider a claim under the CRM Code, and he could ultimately refer any resulting complaint to the Financial Ombudsman.

It isn't in dispute that Mr L authorised the payments in question. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that he's liable for the transactions. But he says that he has been the victim of an authorised push payment (APP) scam.

Santander was a signatory to the voluntary CRM Code, which provides additional protection to scam victims. Under the Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam – except in limited circumstances. When considering such a claim, Santander ultimately has one of three options available to it; it can either accept a scam has occurred and consider whether it should reimburse Mr L under the CRM Code, it can decide that no scam has occurred and therefore nor reimburse Mr L, or it can decide to await the outcome of an investigation.

Santander has sought to rely on provision R3(1)(c) of the CRM Code that allows them to wait for the outcome of an investigation by a statutory body before making a decision. I have therefore considered if it's fair for them to rely on this provision in the circumstances.

Our investigator within her assessment set out why she didn't think the current evidence showed Mr L had fallen victim to an APP scam. From what I have seen so far, I'm in agreement with this for much of the same reasons – in that I can't safely conclude that Mr L made the payment as a result of falling victim to a scam here. I'll now explain my reasons why.

In order to determine if Mr L has been the victim of a scam, I have to consider if his intended purpose for the payment was legitimate, whether the intended purposes he and the company he paid were broadly aligned and, if not, whether this was the result of dishonest deception on the part of the company – X. From reviewing the submissions here, I'm persuaded Mr L understood he was investing in the development of a holiday lodge park – which involved the development of the holiday site and, that in return for his investment he expected to receive annual and quarterly returns. As such, I have no doubt that Mr L believed this to be a legitimate venture.

I've then thought about what purposes X had in mind for the payment it obtained from Mr L and whether these purposes were in line with the purpose Mr L had believed, or instead, if they were in fact fraudulent. In considering the purposes X and its linked companies had in mind, I've considered the following key information;

- X and linked companies owned sites and either had, or sought, planning permission to build and develop holiday homes on these sites.
- The evidence available doesn't demonstrate that investors' funds were obtained fraudulently or solely for the personal benefit of the directors. I've been provided with no evidence to show that the funds weren't, in the main, used for business purposes.
- X had formed relationships with other companies, seemingly with the intention of carrying out the development, each of which had been incorporated in the years prior to Mr L's investment.
- A number of lodges had been installed, which were being let as intended and had received positive online reviews.

It's clear that there are large and complex ongoing investigations by both the administrators of the companies involved as well as the Police. But in and of itself, an investigation doesn't automatically mean that fraud has occurred. And such investigations will likely go toward investigating what the intent was at the time; the result of which may or may not lead to a prosecution. That said, I'm also aware that these investigations haven't yet drawn definitive conclusions as to whether the companies, or their directors, have acted fraudulently. For completeness, I should state that fraudulent activity by the companies or their directors may not automatically mean that Mr L's payments would then meet the definition of an APP scam, given any given activity found to be fraudulent may be unrelated to the purposes for which investors' funds were obtained and instead relate to other activities carried out by the companies.

To find that X was operating a criminal scam, I'd need to find that there is convincing evidence to show that fraud and criminality is the most likely explanation not one of a range of possibilities. Whilst I have every sympathy for Mr L as he has lost a substantial amount of money, I have to keep in mind that many businesses and investments fail and enter administration for genuine reasons, and not because they were set up to defraud and scam people. Overall, I'm not persuaded that an APP scam is a more likely explanation.

In this case, Mr L made a payment toward a holiday lodge scheme that was purporting to develop the site and rent a lodge for which he would and did receive quarterly returns. The evidence I've seen doesn't sufficiently demonstrate that X didn't have the intention of carrying out and completing the developments and rentals at the time of the payment. It follows, that I don't find Mr L has fallen victim to an APP scam.

Santander has chosen to rely on provision R3(1)(c) of the CRM Code and await the outcome of the investigation by the police. And my role here is to consider Santander's actions and

based on the evidence available I don't think it has acted unreasonably in relying on the provision of the CRM Code that it has.

My final decision

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 L to accept or reject my decision before 7 January 2026.

Mark O'Connor
Ombudsman