

The complaint

Mr K has complained about Santander UK Plc not refunding several payments he says he made and lost to a scam.

Mr K is represented in this complaint, but for ease I will just refer to Mr K throughout.

What happened

The background to this complaint is well known to both parties, so I won't repeat it in detail here. In summary, Mr K fell victim to a door-to-door scam and was charged far more for purchasing items than expected. Rather than the £20 he was informed, the scammer first attempted to charge Mr K £950 which declined (due to insufficient funds) and then £650 which was successful. However, this successful transaction meant he entered an unauthorised overdraft. Mr K realised he had been scammed after looking at his account balance and informed Santander of what had taken place very shortly after the payment was made.

Santander did not refund the lost funds as it did not think it had acted incorrectly. Nor did it consider that a chargeback would succeed as Mr K could not supply it with the evidence it would need to successfully raise a dispute. Mr K disagreed and maintained that Santander ought to have been concerned when he was making this payment. He said due to being vulnerable, and applying Principle 6, it should refund him for failing to adequately protect him at the time.

Our Investigator didn't uphold the complaint as, although he agreed Mr K had lost his money because of a scam, the payment was not of a level that should have caused Santander any concern. He also did not think just because Mr K did have a vulnerability that Santander ought to have done more. Mr K disagreed and requested a decision.

As our Investigator couldn't resolve the matter informally the case 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.

I'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focused on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. I'll also note here that any complaint points linked with the handling of Mr K's complaint would not fall within our remit for us to comment on – this is because complaint handling is not a regulated activity.

I don't doubt Mr K has been the victim of a scam here – he has lost a large sum of money and has my sympathy for this. However, just because a scam has occurred, it does not mean he is automatically entitled to recompense by Santander. It would only be fair for me to tell Santander to reimburse Mr K for his loss (or a proportion of it) if: I thought Santander reasonably ought to have prevented the payment Mr K made, or it hindered the recovery of the payments Mr K made – whilst ultimately being satisfied that such an outcome was fair and reasonable for me to reach.

I've thought carefully about whether Santander treated Mr K fairly and reasonably in its dealings with him, when he made the payment and when he reported the scam, or whether it should have done more than it did. Having done so, I've decided to not uphold Mr K's complaint. I know this will come as a disappointment to him and so I will explain below why I've reached the decision I have.

I have kept in mind that Mr K made the payment himself and the starting position is that Santander should follow its customer's instructions. So, under the Payment Services Regulations 2017 (PSR 2017) he is presumed liable for the loss in the first instance. I appreciate that Mr K did not intend for his money to ultimately go to a scammer – but he did authorise the payment to take place (regardless as to the amount he thought he was authorising). However, there are some situations when a bank should have had a closer look at the wider circumstances surrounding a transaction before allowing it to be made.

Considering the relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time - Santander should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which payment service providers are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.
- Have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so.

So, I've thought about whether the payment should have highlighted to Santander that Mr K might be at a heightened risk of financial harm due to fraud or a scam.

Having considered Mr K's payment, I agree with our Investigator's findings as I'm also not persuaded in isolation it ought to have been of concern to Santander. I say this because the payment, although a reasonable sum to Mr K, was not of such a value which ought to have looked suspicious or unusual. Such a standalone payment made at this point did not have the sufficient common characteristics to suggest Mr K may be falling victim to a scam. Many account holders will complete singular payments of a higher value.

I have kept in mind this payment followed a larger declined payment which put Mr K into an overdraft. However, this in isolation isn't indicative of a scam occurring. I say this because it's not unusual for an account holder at some point to rely upon an unauthorised overdraft –

which is why banks offer such a facility. Banks will apply a risk-based approach, in-line with each of their individual terms and conditions, to such attempts by their customers to use this credit facility. Mr K's initial payment being larger than Santander was willing to lend was ultimately why it was declined. When the second payment was made and was of a level Santander deemed acceptable it allowed the payment to be made – not due to any scam-linked concerns first being evaluated. These payments would all have been automatically considered by Santander's system without any wider human involvement. Additionally, the fact that Santander extended Mr K's credit to complete this payment was not unreasonable, nor do I believe it likely to have been unaffordable lending considering how Mr K usually used his account.

I think it's important to highlight that there are many payments made by customers each day. It's not reasonable to expect Santander to stop and check every payment instruction to try to prevent fraud or financial harm. There's a balance to be struck between the extent it intervenes in payments to protect customers and not unnecessarily disrupting legitimate payment instructions.

I am sorry to hear about the vulnerable situation Mr K was in at the time of the scam and how the scammer may well have relied on this to take advantage of him. Due to the sensitive nature of his circumstances I will not set out all the details of them here. That does not mean the repercussions such a cruel scam has had on Mr K is something I have overlooked when reaching my decision. I'll also note here that additional medical evidence highlighting Mr K's vulnerabilities would not change this outcome. I will explain why below.

All parties seem to accept that Mr K had not made Santander aware of his vulnerable situation prior to the scam occurring. Therefore, I have considered whether Santander ought to have ascertained Mr K may be in a vulnerable position when the scam was taking place – as it should always be on the lookout for an account holder showing signs of vulnerability.

However, I have not seen a pattern emerge that would have highlighted to Santander that Mr K was vulnerable, or that his vulnerable situation may have been impairing his decision-making during this scam. I am empathetic towards him, but I do not consider his vulnerabilities, in isolation of any other clear indicators of a potential risk of financial harm, to be something that should have triggered further red flags for Santander.

Additionally, I've noted that after being made aware of Mr K's vulnerable circumstances Santander did take the correct action of noting this on his profile. I've seen no evidence Santander did act unreasonably to Mr K having been made aware of his circumstances – or that it failed in its duty of care towards him when considering the scam. Similarly, Santander looks to have kept Mr K's vulnerable position in mind as part of its scam review. However, being in a vulnerable position does not automatically mean funds unfortunately lost to a scam are automatically returned. Nor does it mean responses issued by Santander confirming it would not compensate him breaches any expectations of fairness.

I'm very sorry to disappoint Mr K as I do not doubt the impact such a cruel scam has had on him. I also do not doubt the time Santander spent completing its review would have added to his anxiety, but it's not unreasonable for respondent's to require a reasonable amount of time to consider scam allegations. However, I don't think Santander should have prevented him making the payment as there were not sufficient hallmarks of a scam occurring when Mr K made the payment. So, it wouldn't be reasonable for me to ask it to refund the payment he unfortunately made.

The Contingent Reimbursement Model Code

Although Santander has signed up to the Contingent Reimbursement Model Code, the payments Mr K made from his Santander account aren't covered by the Code. This is because he made the payments using his card. I cannot fairly and reasonably say that Santander should have to refund payments under the Code when it doesn't apply to card transactions.

Recovery

Once Mr K had authorised the payment, even if it still showed as pending on his account, Santander would not have been able to stop it.

The only method of recovery Santander has for payments made by card is to request a chargeback. When Santander initially considered a chargeback it found it wouldn't succeed as it was linked with a scam. It could have considered whether, although a scam, there were any further sections under the card scheme rules which would have meant a chargeback could have been successful. However, I have noted it did consider such an action further following Mr K continuing with his pursuit for his lost funds, which was reasonable of it.

Santander reviewed the chargeback again but still found it would not have been successful. This is because Mr K was unable to supply the information it would have needed to attempt such an action. I do appreciate that it was due to the scammer's actions that Mr K did not have the required evidence. However, it would be the card scheme which considers whether a claim succeeds (not Santander) and so the initial evidential burden would be on Mr K. Without sufficient tangible evidence it's not unreasonable for Santander to find a chargeback would have been unsuccessful.

Therefore, I cannot say that Santander could have taken any additional action which would have altered the overall outcome of recovery.

My final decision

My final decision is I do not uphold this complaint against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 6 March 2026.

Lawrence Keath
Ombudsman