

The complaint

Ms B complains that Santander UK Plc hasn't reimbursed the money she says she's lost to a scam.

What happened

In November 2020, Ms B invested £20,000 in a company I'll refer to as 'E'. E said it was involved in sustainable renewable energy, as well as investing in land and property.

Ms B didn't receive any returns on her investment, and E entered into liquidation in 2022.

Ms B believes she has been the victim of an investment scam. She's asked Santander to reimburse her under the provisions of the Lending Standards Board's Contingent Reimbursement Model ('CRM Code'). Santander has declined to reimburse Ms B. It says that Ms B authorised a payment to a legitimate company that has gone into liquidation, so this matter is a civil dispute between Ms B and E.

One of our investigators considered Ms B's complaint, but they didn't uphold it. They didn't think they could say the disputed payment met the definition of a scam, or that Santander should have to refund Ms B's money for any other reason.

Ms B asked for an ombudsman's final decision, so 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.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, where the customer made a payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the firm to reimburse the customer even though they authorised the payment.

Santander was a signatory of the CRM Code, and it was in force when the disputed payment was made. The CRM Code requires firms to reimburse customers who have been the victims of Authorised Push Payment scams in all but a limited number of circumstances. But customers are only covered by the CRM Code where they have been the victim of a scam, as defined in the CRM Code.

The relevant definition of a scam from the CRM Code is that the customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent.

The CRM Code also says that it doesn't apply to private civil disputes, such as where a customer has paid a legitimate supplier for goods or services but has not received them,

they are defective in some way, or the customer is otherwise dissatisfied with the supplier.

So, in order to determine whether Ms B has been the victim of a scam as defined in the CRM Code, I need to consider whether the purpose she intended for the disputed payment was legitimate, whether the payment purposes she and E intended were broadly aligned, and then, if they weren't, whether this was the result of a dishonest deception on the part of E.

From what I've seen and what Ms B has told us, I'm satisfied she made the disputed payment with the intention of investing with E, and she thought she would receive returns on her investment. I haven't seen anything to suggest that Ms B didn't believe the investment opportunity with E to be legitimate.

But I'm not satisfied the evidence I've seen suggests that E intended a different purpose for the disputed payment, or that Ms B's and E's purposes for the disputed payment weren't broadly aligned. In reaching a conclusion on this point I've considered the following:

- The liquidator's report dated July 2024 shows E was involved with a number of other companies at the point it entered liquidation. And, whilst the report does raise some concerns about the information seen by the liquidators, it doesn't suggest E was operating a scam or say there is evidence that E intended to defraud investors from the outset. Funds being difficult to trace and the appearance of incomplete records are equally likely to be evidence of poor bookkeeping and/or poor business practice.
- The report also shows that liquidators identified the company had assets and debtors in line with the explanation provided by E's director of the company's two key areas of business – owning shares of a number of businesses with a focus on sustainable energy, and development of land and property.
- Statements for the receiving banks show that multiple payments were made to and from the companies mentioned in the liquidator's report. The statements show returns being paid to investors and payments being made to other businesses for engineering, consulting and tax services as well as for the production and wholesale of machinery. Again, this is in line with the area of business that E said it was involved in. It also demonstrates E's involvement with other companies in the renewable energy sector.
- I know that E's director gave a personal guarantee and accountants involved in his asset valuation confirmed he had assets to cover the guarantee – demonstrating transparency in terms of his finances and reassurance he could honour the guarantee.
- Some investors received returns on their investment.
- Whilst I understand that there is an ongoing police investigation into the activities of E's director, this Service has not been provided with any further information about this investigation. So, as it stands, it is not clear whether the investigation is linked to the activities of E.
- Companies House history for E, whilst limited, shows that company accounts were filed in 2019 and 2020 showing fixed and net assets which mirror the liquidator's findings that the company had assets.

It has been difficult to gain a full understanding of how E's funds were used as it had multiple dealings with companies in other jurisdictions and several bank accounts which this Service

does not have access to. So, whilst we have seen statements that support E was operating within the renewable energy sector, we do not have the full financial picture. But overall, I'm not persuaded there's enough convincing evidence to say E was operating fraudulently, with the intent to defraud investors from the outset. The evidence this Service has seen shows that E was actively dealing with other companies in the renewable energy sector, which is what Ms B thought her money would be used for. And I'm not persuaded the available evidence indicates that E's intended purpose for the disputed payment was different to the purpose Ms B intended. So, I think Santander has acted reasonably in saying the circumstances here don't meet the definition of a scam as set out in the CRM Code, and in declining to reimburse the money Ms B paid E as a result.

It's possible that new material evidence may become available at a future date, which suggests that E did dishonestly deceive Ms B when taking the disputed payment. If that happens, Ms B can ask Santander to reconsider her claim and, if she's not satisfied with its response, she can bring a new complaint to our Service.

I've thought about whether Santander ought reasonably to refund Ms B for any other reason, but I don't think it should. Considering the information that was available at the relevant time, I consider it unlikely that any intervention Santander could've carried out would've uncovered a fraud risk and potentially prevented Ms B's financial loss.

I'm sorry to disappoint Ms B. I know she has lost a significant amount of money here. But I'm not persuaded I can fairly require Santander to refund her based on the evidence that's currently available.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 10 February 2026.

Kyley Hanson
Ombudsman