

The complaint

Mr B is unhappy Santander UK Plc won't reimburse him for the money he lost when he fell victim to a scam.

What happened

Mr B worked for a business I will call M, and in 2021 he became aware that M's directors, along with various other employees, had invested in a scheme with a company I will call 'Y', which was controlled by a Mr D. Mr D was someone that Mr B knew of, and he had visited M's office on several occasions.

Mr B understood that Mr D was investing funds on investors behalf in foreign exchange, and making very significant returns on those investments. So, he decided to get involved. Because so many employees of M wanted to be a part of this investment a company was set up ('L') to gather those investment funds into one account, from where they were then passed on to Y.

Mr B made an initial investment of £6,000 on 2 July 2021, he made this payment from his Santander account to L, from where it was passed on to Y. Over the next few days Mr B received regular updates which appeared to show that he was making significant profits, so he made a second investment (again via L's account) of £9,000 on 11 July 2021.

At the end of July 2021 Mr B then became aware that Y's accounts had been frozen, and over the following months he came to realise that he had been scammed. Y was not authorised to carry out investment activity by the FCA, and the FCA has since issued a warning about Y carrying out unauthorised activities. Mr D has been arrested and investigated by police, a preliminary trial date is currently set for February 2026.

Mr B was initially part of a larger umbrella complaint brought by L, but given the number of payments that moved through L's account our service asked that individual investors instead raise personal complaints direct with their own banks. Santander looked at what had happened here but did not think it should be held responsible for Mr B's loss. It said that Mr B had paid a legitimate business (L) which had then sent the funds on to Y, so it felt that any scam claim should be raised by L and that it was not liable for the loss. Santander also noted that it had provided Mr B with a written warning regarding the first payment he made to L and that it had no reason to be concerned about the payments given how they were made and who they were sent to.

Mr B was unhappy with Santander's response and so referred his complaint to our service.

One of our Investigators looked into what had happened, and ultimately, they felt that Santander should have stepped in to question Mr B about the payments he made to L. They felt that, if Santander had done so, then the scam would have been uncovered and Mr B's loss could have been prevented. However, the Investigator felt Mr B should also share some responsibility for his loss here, as there were red flags that should have indicated to him that this investment might not be legitimate.

So, overall, the Investigator recommended that Santander refund 50% of the disputed payments, plus interest.

Mr B accepted the Investigators findings, but Santander disagreed. It maintains that this should be considered as a civil issue since Mr B paid L – a legitimate enterprise – rather than paying Y directly. It also commented that it did not believe it would have been able to uncover the scam if it had intervened, given that there was a legitimate relationship between Mr B and the individuals involved in setting up L, and that Mr B knew of others who had successfully invested in Y. It has said there was nothing at the time which would have indicated that this was a scam.

As no agreement could be reached, the case has now been passed to me for a 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.

In deciding what's fair and reasonable in all the circumstances of this complaint, I am required to take into account relevant: law and regulations; regulators' rules, guidance and industry standards; codes of practice; and, where appropriate, what I consider to have been good industry process at the time.

Having done so I've reached the same conclusions as our Investigator, and for the same reasons.

It's not disputed that Mr B authorised the payments that are the subject of this complaint. So as per the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Mr B is responsible for them. That remains the case even though Mr B was the unfortunate victim of a scam.

However, I am satisfied that, taking into account longstanding regulatory expectations and requirements, and what I consider to have been good practice at the time, Santander should *fairly and reasonably* have been on the look-out for the possibility of APP fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances.

So, I consider 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 made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.
- Have been mindful of – amongst other things – common scam scenarios, the evolving fraud landscape (including, for example, the use of multi-stage fraud by

scammers) and the different risks these can present to customers, when deciding whether to intervene.

Taking the above into consideration, I need to decide whether Santander acted fairly and reasonably in its dealings with Mr B, or whether it should have done more than it did.

I've looked carefully at the statements I've been provided for Mr B's Santander account. In general, the account was used for relatively low value card payments and direct debits. There were few faster payments, and it was rare for any payment to be over £1,500. There was only one payment higher than this in the months prior to the scam, for £3,760, and that was to Mr B's wife. So, I do consider that the first payment to L, which was a faster payment for £6,000, should have stood out as uncharacteristic to Santander. This was an unusually large payment, to a new payee, which was also a business account. The fact that a second, even larger payment, was made just over a week later, would only have been a further indicator that these payments might be potentially risky.

In my view, this combination of circumstances ought fairly and reasonably to have led Santander to make additional enquiries before processing the payments, to establish the circumstances in which Mr B was making such a large payment to a new payee.

I've thought carefully about what would've happened had Santander insisted on direct contact with Mr B before processing this payment. There's obviously a balance to strike, but Santander ought fairly and reasonably to have satisfied itself that Mr B hadn't fallen victim to a scam, and I'm persuaded it could've done this by asking a few open-ended questions prior to processing the payment.

And I've seen nothing to suggest that Mr B would not have been entirely honest with Santander about what he was doing. So, it seems likely that he would have told Santander that the payment was for an investment, that was being made via his employer to a third party, that he had received no formal paperwork or details of this investment himself, and that he was expecting to receive very significant returns on the investment.

I appreciate that the fact the payment was being made to L's account first may have added some layer of legitimacy to what was happening, but I do think that the clearly excessive returns being promised, and the fact that Mr B had no paperwork relating to such a large investment, would have rung significant alarm bells for Santander. Santander would have known how entirely unrealistic this rate of return was, and so could have prompted further investigations into Y by Mr B, and offered advice about ensuring that an investment is legitimate (such as checking FCA authorisation).

With this in mind, I consider it likely that scam would have been uncovered, and that Mr B wouldn't have proceeded with the payments. I therefore think Santander could have prevented the losses Mr B incurred.

I've taken account of Santander's comments that Mr B's loss was from L's account, and that it therefore feels L (or L's bank) should be liable for that loss. But we have determined that it is not practical for all the payments made via L's account to be considered under one complaint. And L's involvement here does not mean that Santander bears no responsibility for payments made from Mr B's account. I am satisfied that Santander could have prevented Mr B's losses if it had acted fairly and reasonably, and it follows that I consider it fair for Santander to bear some liability for that loss.

In reaching my conclusions about what is fair and reasonable in this case, I have also considered whether Mr B should bear some responsibility for his loss. And, while there were

some sophisticated aspects to this scam, I do think it would be reasonable to hold him partially responsible for his loss here. I say this because I am aware that the directors of M shared a memo with employees which stated that profits from investment with Y had reached 2871.4% that year and that if profits continued at that rate, then a £1,000 investment could be worth £28,000 after commission was paid. I think that any investor, whether experienced or not, would have noted that such a return on an investment was frankly too good to be true, and that this should have prompted further investigation into the legitimacy of the investment. With this in mind, I consider it reasonable for Mr B to bear joint responsibility for the loss.

So, in summary, I consider when Mr B made the first scam payment, Santander could have done more to protect him from the risk of financial harm. Had Santander contacted Mr B directly and asked some open questions about what was happening, I'm persuaded it is more likely than not the scam would have come to light, and Mr B wouldn't have lost out on the funds he went on to invest in Y. But I consider that Mr B should also share some responsibility for his loss here.

Putting things right

To resolve this complaint Santander should:

- Refund 50% of Mr B's loss.
- Pay 8% simple interest per annum on that amount from the date of each payment to the date of settlement.

My final decision

I uphold this complaint. Santander UK Plc should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 January 2026.

Sophie Mitchell
Ombudsman