

The complaint

Mr N is being represented by a claims manager. He's complaining about Santander UK Plc because it declined to refund money he lost as a result of fraud.

What happened

Sadly, Mr N fell victim to a cruel investment scam. In February 2022, he used his Santander account to make a card payment of £4,121.66 to a cryptocurrency exchange, from where the currency purchased was transferred to the scammers and then lost.

Our investigator didn't recommend the complaint be upheld. They didn't think there were sufficient grounds for Santander to suspect the payment may be part of a scam and didn't feel it had failed by not questioning it further.

Mr N didn't accept the investigator's assessment. His representative argues that there were red flags that should have alerted Santander to the possibility of fraud, noting the payment went to a new payee and that transactions involving cryptocurrency had already been identified as presenting a higher risk.

The complaint has now been referred to me for review.

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 overall conclusions as the investigator. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

There's no dispute that Mr N authorised this payment. In broad terms, the starting position at law is that a bank is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Santander also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts

safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Santander acted fairly and reasonably in its dealings with Mr N.

The payment

I must take into account that many similar payment instructions Santander receives will be entirely legitimate and I also need to consider its responsibility to make payments promptly.

Having considered what Santander knew at the time, I'm not persuaded it ought to have been particularly concerned. I've noted the comments of Mr N's representative on what was known about the additional risk associated with payments to cryptocurrency, but I don't believe this was as prominent at the time of this payment as it later became. At this point in time, I don't believe a payment of this amount to cryptocurrency should necessarily have led the bank to suspect Mr N may be falling victim to a scam. I'm also conscious this was a single payment, meaning a pattern of repeated payments common to many types of known scam hadn't begun to emerge.

Based on the circumstances of the payment in this case, I don't think there were sufficient grounds for Santander to think Mr N was at risk of financial harm from fraud. So I can't reasonably say the bank was at fault for processing it in line with his instruction.

I want to be clear that it's not my intention to suggest Mr N is to blame for what happened in any way. He fell victim to a sophisticated scam that was carefully designed to deceive and manipulate its victims. I can understand why he acted in the way he did. But my role is to consider the actions of Santander and, having done so, I'm not persuaded these were the cause of his losses.

Recovery of funds

I've also looked at whether Santander could or should have done more to try and recover Mr N's losses once it was aware that the payment was the result of fraud.

The payment was made by card and that means Mr N isn't entitled to a refund under the Contingent Reimbursement Model (CRM) Code. The correct method for claiming reimbursement of card payments is the chargeback scheme, but Mr N doesn't appear to have reported the scam to Santander until more than three years after the payment, long after the normal timeframe permitted for making a chargeback claim had expired.

In any event, I'd only expect Santander to have raised a chargeback claim if it was likely to be successful and it doesn't appear that would have been the case here. Mr N paid a legitimate cryptocurrency exchange and would have received a service that involved changing his money into cryptocurrency before sending it to the wallet address he supplied it with (albeit the wallet address was provided by the scammers). Mr N's disagreement is with the scammers, not the cryptocurrency exchange and it wouldn't have been possible for Santander to process a chargeback claim against the scammers as he didn't pay them directly.

In the circumstances, I don't think anything Santander could have done differently would likely have led to Mr N's money being recovered successfully.

In conclusion

I recognise Mr N has been the victim of a cruel scam and I'm sorry he lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I think Santander acted fairly and reasonably in its dealings with him and I won't be telling it to make any refund.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 2 December 2025.

James Biles
Ombudsman