

The complaint

Mrs E complains about Santander UK Plc.

She says that she has been the victim of a scam and would like Santander to refund her the money she has lost as a result.

What happened

Mrs E invested £4,000 in 'M' – a social investment business based in Nigeria.

Initially, Mrs E received returns on her investment, but some of these weren't on time, but she did receive four of £240 and one payment of £500 – which was £20 more than the payments she was expecting over the six-month period she invested for.

However, Mrs E didn't receive back her capital and now says that M was a scam.

Mrs E complained to Santander about what had happened, but it didn't uphold her complaint. It said that there was not enough evidence to suggest that Mrs E had fallen victim to a scam, and that this was likely a failed investment.

Mrs E then brought her complaint to this Service and our Investigator looked into things under the Contingent Reimbursement Model Code (CRM Code) but explained that they weren't satisfied that Mrs E had fallen victim to a scam, and so Santander didn't need to refund her under the CRM Code.

Mrs E asked for an Ombudsman to make a final decision, so the complaint has been passed to me.

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 have decided not to uphold this complaint. I know this will be disappointing for Mrs E, and I understand how upset she is about the loss of her money. But my role here is to determine if Santander can be held responsible for her loss (and therefore liable to refund her) under the CRM Code, and as I'm afraid I don't have enough to establish that M was operating as a scam, I can't fairly say that Santander needs to refund her. I'll explain why.

It isn't in dispute that the payment Mrs E made were authorised. Because of this the starting position – in line with the Payment Services Regulations (PSR's) 2017 – is that she is liable for the transaction. But Mrs E also says that she has been the victim of an authorised push payment (APP) scam.

Santander has signed up to the voluntary CRM Code, which provides additional protection to scam victims. Under the CRM Code, the starting principle is that a firm should reimburse a

customer who is the victim of an APP scam (except in limited circumstances). But the CRM Code only applies if the definition of an APP scam, as set out in it, is met.

I have set out the definition of an APP scam as set out in the code below;

... a transfer of funds executed across Faster Payments...where:

- (i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or*
- (ii) The Customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent.*

This Code does not apply to:

- b) private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier.”*

I've considered whether the payment falls under the scope of an APP scam as set out above – and having done so I am not persuaded it does. I'll explain why in more detail.

When Mrs E made to M, it seems that she thought that she was investing in M for social investment in Nigeria, with M providing access to financial services to those who would not usually have access to these services. From the information provided and what I can find online about M, it seems Mrs E's purposes were aligned with M at the time of the payment.

While M has now dissolved in the UK, it appears that at the time of the payment, it was operating as a genuine investment opportunity. The paperwork provided set out the terms of the investment, and while I accept that some of Mrs E's returns were late, it appears that she did get back what M had promised her in return from her investment, less her capital which was not repaid to her as agreed.

I accept that M failed to deliver what was expected from the investment, but I haven't seen any clear evidence this was always what it intended; or that at the time of the payments, it planned to use Mrs E's funds in a different way to what was agreed. And I haven't seen persuasive evidence that M's intention was to defraud Mrs E.

As part of this investigation, this Service has also reached out to the bank which held the account Mrs E's funds were sent to. While I am not able to share information received due to data protection reasons, the account does not appear to have been used for fraudulent purposes and appears to have been running as I would expect too.

Ultimately, the information we currently hold suggests that M was a failed investment venture, not a scam. The information provided doesn't evidence M had fraudulent intent at the time of payment, as required under the definitions within the CRM code.

So, I can't agree Santander was wrong to consider Mrs E's situation a private, civil matter, or is wrong not to have reimbursed her under the CRM code at this time.

This also means I'm unable to ask Santander to reimburse Mrs E on the basis that she was vulnerable at the time the payment was made. When the CRM Code applies a customer can be reimbursed if they are vulnerable even when an exception to reimbursement applies. But as that's not the case here and the CRM code doesn't apply, I won't be asking Santander to reimburse Mrs E.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 31 December 2025.

Claire Pugh
Ombudsman