

## **The complaint**

Mrs L complains that Santander UK Plc did not reimburse the funds she says she lost to a scam.

## **What happened**

Mrs L was introduced to an investment opportunity by a friend. The investment was in property development with a company I will refer to as 'B'. B was developing a particular site and was offering individuals the opportunity to invest in the homes that were being built. Mrs L was sent some brochures which she looked over, and she decided to invest. She paid a deposit of £5,950 on 17 January 2021 for a 3-bedroom house in the development. She was contacted later that day and was told about a separate development and she agreed to place a deposit of £4,950 for a two-bedroom flat there. She received contracts for each investment.

Mrs L says that around nine months later, she tried to get in contact with B to ask about the investment, but they did not provide a response. It was at that point she realised she had been the victim of a scam. She says that she reached out to Santander to raise a scam claim, and she reported B to Action Fraud.

Santander has said Mrs L raised a scam claim in June 2022 and they responded in July 2022 explaining they had carried out a review and felt this was a civil dispute rather than a scam. Mrs L later raised a complaint via a representative and this was referred to our service. Our Investigator looked into the complaint but did not think it met the bar of a scam under the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code. They felt it was more likely B was a genuine company that did not set out to defraud Mrs L from the outset.

Mrs L disagreed with the findings. She mentioned a number of other individuals who had been affected by the same failed investment with B, so she felt this was clearly a scam. She also mentioned some individuals who had received refunds for the same investment from Santander, so asked why hers was not being upheld as well. She also highlighted that a number of other people who lost their funds with B were from the same community as her, so she felt she had been purposefully targeted.

As an informal agreement could not be reached, the complaint 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.

It isn't in dispute that Mrs L authorised the payments in question. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that she's liable for the transactions. But she 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 this definition out 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.*

The CRM Code is also explicit that it doesn't apply to private civil disputes. The wording in the code is as follows:

*"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 therefore considered whether the payments Mrs L made to B fall under the scope of an APP scam as set out above. Having done so, I don't agree that they do. I'll explain why in more detail.

I have firstly considered how Mrs L found out about B. She has said she was introduced to the investment by a friend, and that her friend had been receiving returns which covered the monthly mortgage. It therefore appears that a friend of Mrs L had successfully invested in B, at least initially.

Having looked up B online, I can see they are still registered on Companies House and have an active online presence. The agreements Mrs L signed appear to be with the genuine company, meaning that a clone company wasn't used. I say this because the correct contact details for the genuine company appear on the documents she signed. It therefore appears that Mrs L made an investment with a genuine and active property investment company that continues to advertise various investment properties. In addition to this I have not been able to locate any mention of a scam being connected to the company or any official investigations by authorising bodies such as the police or trading standards.

We have received evidence from the receiving bank, which B holds its business account with. Due to data protection issues, I cannot go into detail about what these show. But I can confirm that the receiving bank did look into the payments in question in June 2022 when Mrs L raised a scam claim with Santander. Having done so, they did not have any concerns about the payments or how B's account was being used at that time, so they felt this was a civil dispute. And our service has already confirmed that the activity on the receiving bank statements matched what would be expected from a business involved in property development.

Mrs L has been able to provide me with a few screenshots of a text conversation between herself and a representative from B. Mrs L initially told us that following her investment, she tried to reach out to B around nine months later but couldn't get a response. However, the screenshots show a snippet of a conversation between Mrs L and B in January 2022, a year after the initial investment was made. In these, the representative from B explained that the delays were due to a change in how Housing Association properties were allocated to the council. Because of this change in how grants were allocated to councils, an application was ongoing to have the properties that had been allocated to Housing Associations removed throughout the site. This would mean increased delays, but B said it would ultimately increase the desirability of the site. It therefore appears that B provided Mrs L with an explanation as to why the development of the site was delayed.

Mrs L has also provided some photos which also appear to show some of the work being completed, mainly around the 'club house'. And in the chat with B, they also said the work was underway as land had already been cleared, roads to the highways were in and utilities had been completed. The available evidence therefore suggests work had been started.

I do appreciate that Mrs L has mentioned others who she says have fallen victim to the same scam and that they have been fully reimbursed by their banks. However, I am only able to consider the merits of the case in front of me, and I cannot comment on why banks have chosen to provide full refunds on other cases. Having considered the evidence I have been provided, I think it's more likely Mrs L has paid a legitimate business who began developing the site she had invested in, but had issues with delays and, it would appear, communication with their investors. So, I don't think there was an intention to defraud her from the outset and instead I think she has paid a genuine business that she is now dissatisfied with. On balance, I think it was fair for Santander to treat this complaint as a civil dispute.

Mrs L says that a number of people in her community have also fallen victim to the same scam, so she feels she was specifically targeted by the scammers. But as I've explained above, I don't have enough to say Mrs L has fallen victim to a scam, so even if B did target potential investors in her community this would not make a difference to the outcome of her complaint.

### **My final decision**

I do not uphold Mrs L's complaint against Santander UK Plc.

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

Rebecca Norris  
**Ombudsman**