

The complaint

Ms L is unhappy that Santander UK PLC won't reimburse her fully after she was the victim of a scam.

What happened

In 2021, Ms L was actively looking to invest. She said she became aware of an investment opportunity with a business (which I shall call 'H') as her friend was investing around the same time. Ms L has said that her nephew was also investing with H and from the messages I have seen, it appears that he was assisting her in making the investment.

Generally we know that H was offering educational resources to do with cryptocurrency and was offering to use their investors' cryptocurrency to generate revenue of up to 3 times their investment depending on the membership package that had been bought. They were also claiming that the expected returns for investment would be between 0.5% to 1% of the invested amount every day.

Ms L's nephew was in contact with an individual who I shall call 'D'. At its simplest, D ran a business that accepted payments from investors and converted the money into cryptocurrency to send to H. In March 2022, Ms L wanted to invest in H, so Ms L's nephew was told by D to pay one of his business accounts and her funds would appear on H's platform.

Ms L said she took out a bridging loan against her house for £40,000. She paid the £40,000 from the loan to D's business account on 22 March 2022 and the funds then appeared on H's platform.

H eventually collapsed and Ms L was not able to withdraw her funds. Ms L then reported the scam to Santander using a professional representative.

Santander accepted that a scam had occurred and reimbursed 50% of the loss to Ms L as it said it did not meet the standards required around providing warnings under the relevant fraud and scams rules. It did not reimburse the other 50% as it said Ms L didn't have a reasonable basis for believing the investment opportunity was legitimate and that basic checks would've uncovered the scam. It said that £10.92 was outstanding to be reclaimed but has since heard back from the receiving bank that no funds remain as D's business had been dissolved.

Ms L remained unhappy with Santander's response and referred her complaint to the Financial Ombudsman Service.

Our Investigator considered everything and reached the conclusion that Santander did not have to reimburse the remaining 50% of the loss. He said that:

- Ms L should've been suspicious of D's request to pay his other company.
- Ms L should've been cautious of the investment as the proposed returns seemed too good to be true.
- Given the size of Ms L's investment, she hadn't done enough due diligence, and that doing so could've made a difference.

Ms L disagreed and requested a final decision. Her professional representatives argued that, amongst other points, she was acting on a friend's recommendation for the investment and did basic due diligence. They argued that the CRM Code didn't expect her to carry out checks equivalent to professional fraud checks.

The matter has now come 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.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I may not comment on every argument raised but have focused on what I believe are the key issues to get to the heart of the matter.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, that isn't the end of the story.

At the time the payment was made, Santander had agreed to follow the Lending Standards Board's Contingent Reimbursement Model Code ('the CRM Code'). This Code required firms to reimburse customers who were the victim of authorised push payment ('APP') scams, in all but a limited number of circumstances.

Under the CRM Code, a firm may choose not to reimburse a customer if it can establish that:

- The customer ignored an effective warning in relation to the payment being made; or
- In all the circumstances at the time of the payment, in particular the characteristics of the customer and the complexity and sophistication of the APP scam, the customer made the payment without a reasonable basis for believing that:
 - the payee was the person the customer was expecting to pay;
 - the payment was for genuine goods or services; and/or
 - the person or business with whom they transacted was legitimate

As Santander accepted that a scam had occurred and reimbursed 50% of Ms L's loss on the basis that it could've done more to stop the scam, I will only focus on if Ms L had a reasonable basis for believing that the scam was legitimate.

Did Ms L make the payment without a 'reasonable basis for belief'?

I'm sorry that Ms L has been the victim of a scam and has lost a considerable sum of money. But having thought about the arguments made by Ms L and her representatives, I agree with our Investigator that she didn't have a reasonable basis for believing the scam was legitimate. I will explain why below:

Ms L's representatives have argued that very high returns were plausible with cryptocurrency investment schemes so this shouldn't have been concerning to Ms L. Whilst I do recognise this is a common view about cryptocurrency, Ms L would've had to do some sort of cost/benefit calculation to work out if the investment returns would be worth the expense and effort of taking out an expensive bridging loan. I think that Ms L's research in this regard should've brought to life how impossibly unrealistic the advertised investment returns were, even for cryptocurrency investment.

Ms L's representatives also said that Ms L had been aware of the opportunity since January 2021 but didn't invest until March 2022. Given the significant risks she was taking, I would've expected her to monitor what was happening to cryptocurrencies during this time. Over 2021, the price of major cryptocurrencies was highly volatile. Given Ms L was risking

her home, I think the volatility of the market should've weighed on her mind and she should've been aware that returns were not guaranteed. Also, if Ms L had been observing the market she would've seen that even though some cryptocurrencies did double in price over the period, it was still very far from the returns that she was expecting.

I appreciate that Ms L was reassured the investment was legitimate because she was impressed by the professionalism of the speakers at H and she also had friends who were investing too. But given Ms L's home was at stake if H failed, I would expect someone in her shoes to have done more independent research into H, rather than relying mainly on the words of those connected to H. I do think in this instance that independent research into H at the time would've easily revealed concerns from UK and international financial regulators about H. I think a reasonable person in Ms L's shoes would not have gone ahead with the loan or payment to H if she had seen this information, given the risk that the failure of H could lead to her losing her home.

For the reasons above, I don't think Ms L had a reasonable basis for believing the investment was legitimate, and so Santander doesn't have to reimburse Ms L for the remainder of her loss.

Recovery of funds

I have considered if Santander did what it could to recover the funds after the scam was reported. Santander could've acted faster in actioning recovery of the funds, but I also have to acknowledge that the payment had been made years previously, so the prospect of recovery (and need for urgency) appeared low. There were also other issues which caused delays in recovery taking place which weren't in Santander's control, for example, the scam report was sent to Santander by letter, which would've taken more time to be received in the post and processed compared to a call or an email. So, I don't think Santander acted unreasonably in its approach to recovery.

My final decision

My final decision is that I do not uphold this complaint against Santander UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 9 February 2026.

Paula Lipkowska
Ombudsman