

The complaint

Mr F has complained that his bank, Santander UK Plc ('Santander'), refused to refund money he lost when he fell victim to a scam.

What happened

I issued a provisional decision regarding this complaint last month and I said I was not considering upholding it. An extract from that decision follows:

"Mr F said he decided to invest in cryptocurrency after seeing an advert online in June 2023. He filled in a form and was then contacted by someone purporting to be an investment broker from a company I will refer to as "B". Mr F decided to open a trading account with B and started with two small investments of under £200 each. After seeing some returns he decided to invest more. Mr F transferred £4,000 from his Santander account onto a wallet he had set up with a well-known cryptocurrency exchange, K, and used it to purchase cryptocurrency. He then transferred the cryptocurrency onto his account with B.

Unfortunately, B turned out to be ran by scammers and the platform Mr F had transferred his cryptocurrency to was fake and showed fake returns. In fact, the cryptocurrency was being transferred onto the scammers. Mr F said he realised he was being scammed when he asked to withdraw funds but wasn't able to and was asked to pay additional fees.

Around the same time, Mr F was the victim of a separate scam involving a company I will refer to as "4". Mr F transferred money from his Santander account to a bank account he had just opened with another bank, C. He then transferred those funds from C to K and used them to buy cryptocurrency which he then sent to his account with 4. Mr F said, after being encouraged to do so by the scammers, he obtained two loans for around £20,000 each. Those were paid into his Santander account and from there sent to his C account and then to his wallet with K before Mr F unwittingly sent the cryptocurrency to the scammers.

Overall, Mr F made the following transactions from his Santander account:

No	Date	From	To	Type of payment	£
1	08/07/2023	Santander	K	card	199.67
2	15/07/2023	Santander	K	card	171.56
3	25/08/2023	Santander	C	faster payment	4,000
4	15/09/2023	Santander	K	faster payment	4,000 (declined)
5	20/09/2023	Santander	K	faster payment	4,000
6	25/09/2023	M	Santander	loan	19,600 (credit)

7	26/09/2023	Santander	C	faster payment	9,800
8	26/09/2023	Santander	C	faster payment	9,700
9	26/09/2023	R	Santander	loan	19,600 (credit)
10	27/09/2023	Santander	C	faster payment	9,900

Mr F reported both scams to Santander in December 2023 and provided details of all the transactions he made both to K and to C. He continued to write to the scammers at B and asked for his funds to be released. Eventually the email address he was writing to was deactivated. Likewise, his “brokers” at 4 stopped contacting him. Mr F then realised he’d been the victim of a scam and contacted Santander.

Santander spoke to Mr F in January 2024 and said it wouldn’t be able to reimburse him as the payments were made to his own accounts and didn’t fall under the Contingent Reimbursement Model (CRM) Code. Santander referred Mr F to complain to C and to K.

In March 2024 Santander reviewed the £4,000 payment made from Mr F’s Santander account to his wallet with K but said it wouldn’t be able to reimburse Mr F as the payment had been authorised. It added that it also didn’t fall within the CRM Code as it was made to an account in Mr F’s name. It again referred him to complain to K.

Mr F then complained to Santander as he wasn’t happy it refused to reimburse him. He also said he wanted it to consider the first two payments he made to K and not just the £4,000 one.

Santander responded to Mr F’s complaint and said though it was sorry he had fallen victim to two separate scams, it hadn’t made any mistakes. It added that it wouldn’t be able to recover any of Mr F’s funds particularly those where he used his card due to the time that passed since the payments were made.

Unhappy with Santander’s response, Mr F brought his complaint to our service. He said he wanted Santander to reimburse the three payments he made to K and said it should have done more to protect him.

One of our investigators reviewed the complaint but didn’t think Santander had to issue Mr F with a refund. She said Santander didn’t have to intervene before the two smaller payments but was right to intervene before the £4,000 payment. Our investigator noted that the payment was flagged by Santander’s system and that Mr F was contacted by telephone and given a warning. Nevertheless, she didn’t think this was strong enough as it didn’t go into detail regarding cryptocurrency investments. Despite this, our investigator didn’t think that a stronger warning would have stopped Mr F from proceeding as he was determined to make what he at the time believed to be genuine investments. Our investigator also noted that at the time, Mr F had received a stronger warning from C which he again failed to heed.

Mr F didn’t agree and asked for an ombudsman’s decision. He said both scams had severely impacted his finances, and he is now struggling to repay the loans he took out to fund those payments.

The matter was then passed to me to decide.

What I've provisionally 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'd like to say straight away that I was very sorry to hear that Mr F fell victim to two very cruel scams. I have a great deal of sympathy for him and realise that being the victim of a scam will have had a significant impact on him, not just financially, but because of the way the scammers took advantage of him and gained his trust.

I understand that Mr F has made a separate complaint about C to our service. That complaint was considered separately by another ombudsman, so I won't be able to comment on it in this decision nor change any of the findings already made by the other ombudsman.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, guidance and standards, codes of practice, regulators' rules and where appropriate, I must also take into account what I consider to have been good industry practice at the time.

The starting position in law is that a bank such as Santander is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations 2017 and the terms and conditions of the customer's account. Mr F accepts that he authorised all the payments in question and so he is presumed liable for them in the first instance – even though he may at some point have believed he was making a genuine investment. However, that isn't the end of the story.

It isn't in dispute that Mr F was the victim of a scam. Where the customer made the payments as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payments.

In summary, I consider it fair and reasonable that in July 2023 Santander should:

- have been monitoring accounts and any payments made or received to counter various risks, including 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 firms 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, or provided additional warnings, before processing a payment;*
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including, for example, the use of multi-stage fraud by*

scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

And for transactions after 31 July 2023:

- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so

I am mindful that Santander had much less information available to it upon which to discern whether any of the payments presented an increased risk and that Mr F might be the victim of a scam. Also the transactions were not scam payments themselves but rather genuine transactions for the genuine purchase of cryptocurrency or transfers to Mr F's other bank account. The scams happened after that by moving the cryptocurrency onto the scammers' wallets. Nevertheless, I am satisfied that by the time Mr F made the payments in July 2023, Santander ought fairly and reasonably to have recognised that its customers could be at an increased risk of fraud from cryptocurrency scams notwithstanding that the payments were made to a cryptocurrency wallet in the customer's own name or to another bank account in their name.

Payments 1 and 2

Whilst banks have obligations to be alert to fraud and scams and to act in their customers' best interests, they can't reasonably be involved in every transaction. The two initial transactions were small and spread out and whilst they were identifiably going to a cryptocurrency provider, there is a balance to be struck between banks identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. So, I don't think Santander had to provide any warnings prior to either of those payments.

Payment 3

The account was mainly being used for everyday expenses and for Mr F to receive his salary. There were no payments of over £1,000 in the six months that preceded the scams and one of the largest outbound payments appears to have been a monthly mortgage payment for £750. Whilst Mr F hadn't made payments of £4,000 out of the account in recent times – payment 3 was a one-off payment to his own account elsewhere – so I don't think Santander would have had cause for concern. That said it did intervene.

Mr F called Santander because he said he wanted to move £4,000 to his own account with C but had a £500 limit and didn't want to have to do it eight times. The adviser he spoke to said they wanted to check this was not a scam. They called him back and asked for more details including whether he was under pressure to open his account with C and whether he received a call from someone pretending to be Santander or the police asking him to move his money to a safe account. Mr F said it was his decision and Santander reminded him that it was important he was being honest and said scammers may ask him to lie to his bank. The adviser said that the payment had actually been rejected by the fraud department and said they would pass Mr F to the fraud team. Santander hasn't been able to provide the subsequent call recording, but the payment was ultimately approved on the same day.

Bearing in mind the sum involved and the funds were going to Mr F's own account, I think the intervention and the warning issued by Santander was proportionate in the circumstances. And in any event, I note that after Mr F complained to C it decided to refund this payment in full. So Mr F hasn't suffered a loss on this payment.

Payment 4

Santander said that when the £4,000 payment to K was initially requested, Mr F stated that the purpose for the payment was to make an investment which is why the payment was flagged by its system. Santander said Mr F was, at the time, provided with a written warning which stated that if he was contacted out of the blue it is highly likely this was a scam. The warning also urged him to check the company's details on the FCA's website before transferring the money.

Bearing in mind the amount was unusual for this account and the fact that this was a payment which was identifiably being made to purchase cryptocurrency, I don't think the written warning went far enough to highlight the key features of a cryptocurrency investment scam. But Santander did in fact block the payment and asked Mr F to call the bank.

15 September 2023 call with Santander

Mr F called Santander because he was locked out of his account. When asked what the £4,000 payment to K was for, he said it was for an investment, but he explained that it was not cryptocurrency related. Mr F said he had to make the payment one way or another and either Santander would let him do it directly or he would send it to C and make it from there. Eventually, Santander lifted the blocks after Mr F said he hadn't been asked to lie or to move his money to a safe account. Mr F re-raised the payment five days later.

Again, I don't think Santander's warning was strong enough. The payment was made to K which is a well-known cryptocurrency exchange, and I think this is something Santander should have recognised and questioned Mr F about especially after he said the transaction was not to purchase cryptocurrency. But, even without questioning Mr F further, I think Santander had enough information at that stage to be able to provide a warning that was specific to cryptocurrency investment scams.

Payment 5

Santander said when Mr F raised the payment again on 20 September 2023, he selected "transfer to my own account" as the reason for the transaction so the warning he was provided with was a "safe account" warning. I don't think this warning would have resonated with Mr F as it didn't apply to his circumstances.

Nevertheless, on balance, even if Santander's warnings had been more specific to cryptocurrency investment scams I don't think this would have prevented Mr F's loss. In arriving at this conclusion, I've borne in mind that Mr F seemed determined to make the payment and was prepared on this occasion not to disclose necessary information in order to do so; especially bearing in mind that he changed the reason for the payment on 20

September 2023 presumably to ensure the payment wasn't flagged by Santander's system. I've also borne in mind that Mr F had already been provided with warnings regarding cryptocurrency investments by C on 25 August 2023. These included the need to check the Financial Conduct Authority (FCA) register and a warning that scammers often advertise on social media. But Mr F didn't heed those warnings.

The loans and payments 7,8 and 10

After the payment above, a concerning pattern begun to emerge which consisted of Mr F taking out two relatively large loans in a short space of time and quickly transferring those funds to his C account. Santander had further telephone conversations with Mr F where it issued him with further warnings and on one occasion asked him to go to a branch before releasing a payment.

Would any further or stronger interventions have prevented Mr F's loss?

I don't necessarily think Santander's warnings were always strong or specific enough to highlight the risks of cryptocurrency investments. Nevertheless, I am not persuaded that any intervention from Santander would have prevented Mr F's loss. On balance, I'm not persuaded Mr F would have always disclosed all relevant information to it bearing in mind he said that he opened the account with C because he thought Santander would have been less flexible when it came to cryptocurrency investments. And I've also borne in mind that Mr F was having similar conversations with C around the same time and had been issued with cryptocurrency investment scam warnings which he didn't heed. Those included that scammers:

- often promise returns which are too good to be true;
- put customers under pressure to make payments;
- often advertise on social media;
- contact customers out of the blue;
- use fake websites or sometimes clone real ones

During a conversation with Mr F on 27 September, C asked him if he had checked the FCA register and he said he had, something he later agreed wasn't correct. C also asked Mr F to confirm which platform he had been using, in order to check whether it was fake or not but he didn't provide this information and said only he was in control of his investments and was making good returns. C ultimately told Mr F it believed he was being scammed but he said he was 100% confident and comfortable with his decision.

Overall, and I know this may be hard for Mr F to hear, but having listened to all the conversations and how frustrating he found them, I don't think Mr F was prepared to listen to any warnings however specific and realistic they were. He agreed he didn't check the FCA register despite both Santander and C advising him to do so. If he had, he would likely have seen an FCA warning regarding 4 on 12 September 2023. Mr F said it wasn't until later that he decided to research the two companies online which is when he found out that they were scammers.

Potential for recovery

I've gone on to consider whether Santander should have done more to recover Mr F's funds, but I don't think that would have been possible. I say this because Mr F had already transferred money out of his cryptocurrency wallet into an external wallet. And I also don't think a chargeback would have been successful bearing in mind that the cryptocurrency exchange had provided a genuine service in providing cryptocurrency in return for Mr F's money.

I note that Santander did notify C regarding all payments Mr F had made to it but as those were quickly sent out to K and then to the scammers I don't think there was any prospect of recovering those either."

Santander said it received my provisional decision and had nothing further to add. Mr F asked for an extra day to consider and potentially respond to the provisional decision. I agreed to a longer extension but as no response was provided, I decided to proceed with my 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.

As there have been no further comments by either party, the findings I made in my provisional decision are now the findings of this, my final decision.

My final decision

For the reasons above, I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 1 January 2026.

Anastasia Serdari
Ombudsman