

The complaint

Mr C complains that Santander UK Plc failed to protect him from a scam which resulted in him losing money. He says Santander should have identified the unusual pattern of cheque activity on his account and intervened to prevent at least some of his losses.

Mr C is being represented in his complaint. For ease of reading, I will treat any submissions from Mr C and his representative as being one and the same and attribute them to Mr C throughout.

What happened

The detailed background to this complaint is well known to both parties. So, I've only provided an overview of some of the key events here.

Mr C, a pensioner, was approached by a third party offering to carry out garden work at his property. He agreed to the work and made initial payments partly in cash and partly by cheque.

The cheques listed below were issued across July 2023.

- Cheque number 217 for £700 for hedge trimming and thinning.
- Cheque number 218 for £4,000 for clearance of the back garden.
- Cheque number 219 for £800 for "tax" payable on £4,000 payment.
- Cheque number 220 for £800 was issued as a replacement of cheque 219. Cheque 219 was returned to Mr C by the third party, who claimed their bank had not accepted it due to an unclear date.
- Cheque number 221 for £1,800 for work carried out on the front garden.
- Cheque number 222 for £800 was issued as a replacement of cheque 220. The third party told Mr C as water had spilled on the cheque the bank wouldn't accept it. Cheque 220 was retained by Mr C.
- Cheque number 223 for £1,800 was issued as a replacement of cheque 221. The third party told Mr C the cheque was smudged. Cheque 221 was retained by Mr C.

Unbeknownst to Mr C at the time the third party had used the cheque imaging system to deposit cheques (220 for £800 and 221 for £1,800) despite returning the physical cheques back to him.

This resulted in Mr C reissuing cheques (222 and 223) for these sums respectively.

When Mr C came to learn what had happened (on receipt of his bank statements) he reported the matter to Santander. Santander explained the cheque image clearing process allows payments to be processed without the physical cheque needing to be presented / collected at branch. By this point the funds had debited Mr C's account. Santander contacted the recipient bank, but no funds remained that could be recovered and returned.

Mr C complained to Santander. He argues the pattern of multiple large cheques to the same payee in quick succession was out of character for his account and should have raised concerns about the potential risk of fraud. He believes there was sufficient unusual activity for Santander to have intervened, contacted him, and queried the transactions. Had Santander done so, Mr C says he would've explained the circumstances, and Santander could have (as it did at the time of reporting) informed him about the cheque imaging process revealing that the retained physical cheques that were in his possession (except for 219) had already been cashed. Mr C says this would have exposed the scam and prevented the loss from the final two cheques (222 and 223, totalling £2,600). Mr C has only asked for a refund of the last two cheques which he says were duplicates, and that he was tricked into re-issuing.

In summary, Santander said that the cheques were authorised. They are not covered by the Lending Standards Contingent Reimbursement Code (the CRM Code) and it couldn't have prevented Mr C's loss. Unhappy with its response, Mr C referred his complaint to our service. Our Investigator didn't recommend that the complaint should be upheld. She was not persuaded that there had been a failing by Santander that could fairly and reasonably be said to be the cause of Mr C's loss. Mr C asked for an ombudsman's final decision.

Having reviewed the case, I didn't agree with the outcome our Investigator had reached. So, in an attempt to resolve matters at the earliest possible stage, I wrote to both Santander and Mr C to see if they'd be open to resolving the matter informally. I said:

"I've considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint, and my current thoughts are as follows:

Firstly, I appreciate Mr C hasn't been able to provide evidence of the work invoice or the price agreed for the work completed as this was all verbally agreed. However, he has provided evidence of cheques 219, 220 and 221 still being in his possession, this corroborates and provides validity to his claim that he was tricked into issuing further cheques; as the individual he'd paid had told him that these cheques couldn't be processed by their bank. In addition to this Mr C's testimony has been consistent and a third party's repeated requests to reissue cheques under false pretences, while using imaging to cash the originals, is a recognised tactic in fraud cases targeting vulnerable individuals, particularly pensioners. So, taking this altogether, on balance, I accept that Mr C was the victim of a scam and that he has suffered a loss of £2,600.

Cheque payments are not covered by the Payment Services Regulations 2017 (PSRs) as paper cheques are not considered a payment service, nor by the Lending Standards Contingent Reimbursement Model (the CRM code) for authorised push payment (APP) scams as they aren't 'push' payments. However, banks have a general duty to act with reasonable care and skill in managing customer accounts including monitoring for unusual suspicious activity (irrespective of payment channel utilised) that could indicate fraud or financial harm. This is particularly important for vulnerable customers such as the elderly pensioners who are at higher risk of exploitation and utilise cheques as a common method of payment.

Here Mr C's account history shows that the cheque payments were highly unusual and uncharacteristic for his account. Mr C had issued only one prior cheque in 12 months and there was no pattern of large frequent payments. The largest payment made in the last 12 months was a direct debit to British Gas for around £440. The general use of Mr C's account was for regular direct debit payments, cash withdrawals at the post office and general day to day card payments. The velocity of the transactions—six cheques totalling just under £10,000 to the same payee (this being a named individual) within a week should have triggered concerns. The activity presents all the hallmarks of potential misappropriation of funds. Good industry practice requires banks to have systems in place to detect such anomalies and where appropriate contact the customer for verification.

Here the initial cheques 217, 218, 220 and 221 may not have individually raised sufficient alarms, and I take on board that these were for legitimate work, so I can't say by not intervening Santander have acted unreasonably. However, by the time cheque 222 was presented on the 18 July the cumulative activity—four prior large cheques to the same payee in quick succession—should have prompted Santander to pause processing and contact Mr C before returning a pay decision on 19 July. Had it done so, it is more likely than not that the scam would have been uncovered as Mr C would have described retaining the “damaged” physical cheques allowing Santander to explain the imaging process and reveal the fraud. The intervention could have prevented the debiting of cheque 222 (£800) and the issuance and debiting of cheque 223 (£1,800).

I've also considered Mr C's actions and I'm not persuaded that he has contributed to his loss by way of negligence. Mr C is elderly and does not use technology, he wasn't aware of the image clearing system, nor does he utilise banking apps. He took the third party's explanations at face value and was reassured by the physical cheques being returned to him.

I intend on upholding Mr C's complaint and to put things right I think Santander should pay Mr C:

- *£2,600 (representing the losses from cheques 222 and 223); and*
- *pay 8% simple interest per annum on the refunded amount from the day each cheque was debited until the date of settlement.”*

Mr C accepted my intended outcome, but Santander didn't agree. I've addressed their further comments below.

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 appreciate, Santander remains of the opinion that this is a civil matter between Mr C and his gardener and remains outside the scope for reimbursement under any fraud policy. But it hasn't presented me with anything new to consider, so my opinion remains as set out in my intended decision that Mr C has been the victim of a scam in relation to the final two cheque payments.

Santander have raised several points pertaining to the automated nature of the cheque clearing process and its principal duty to act on its customers payment mandate under the terms of the account. It's not that I disagree with the points raised, but simply because the cheques passed the physical validity / security checks, were written in Mr C's own handwriting, the signature was a match, and funds were available in the account doesn't absolve Santander from its general duty to act with reasonable care and skill in managing customer accounts including monitoring for unusual suspicious activity that could indicate fraud or financial harm. This is irrespective of payment channel utilised and is particularly important for vulnerable customers such as the elderly pensioners who are at higher risk of exploitation and utilise cheques as a common method of payment. How Santander chooses to manage this is a matter for them, but I'm still of the opinion, that the activity was a significant change in the operation of Mr C's account and given his age-related vulnerability, it ought to have put Santander on notice that he could potentially be at risk of financial harm. Had Santander spoken to Mr C it would've quickly identified the deception, and it would've had permissible grounds upon which to return cheque 222 as unpaid.

In reaching my intended decision I did take into consideration Mr C's actions. Santander haven't provided me with anything new to consider, so I remain of the view that Mr C hasn't contributed to his loss by way of negligence, where it would be fair and reasonable to make a deduction in award.

So having taken account of all the further submissions, I'm not persuaded to deviate from the outcome explained in my provisional decision.

Putting things right

To put things right Santander UK Plc must take the following actions:

- Pay Mr C £2,600 (representing the losses from cheques 222 and 223); and
- pay 8% simple interest per annum on the refunded amount from the day each cheque was debited until the date of settlement.

My final decision

For the reasons given above, my final decision is that I uphold this complaint and direct Santander UK Plc to take the actions outlined in the "*Putting things right*" section of this final decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 9 January 2026.

Sonal Matharu
Ombudsman