

The complaint

Mrs C complains that Santander UK Plc ('Santander') won't refund the money she says was lost as the result of a scam.

What happened

The background to this complaint isn't in dispute, so I won't go into detail.

In summary, Mrs C made an investment with a company I'll refer to as B.

B would purchase cars with investors' funds, then lease the cars out to individuals who might not otherwise be able to access a leased vehicle.

Mrs C transferred £70,000 in July 2020, August 2020 and October 2020, making a total investment of £210,000.

Mrs C received monthly returns of £1,336.80 on each investment until January 2021. In total she received returns on her three investments of £18,715.20.

In March 2021, B went into administration.

Mrs C believes the investment was a scam, and through a professional representative, raised a fraud claim with Santander.

Santander didn't give Mrs C an outcome on her fraud claim, saying they were awaiting the conclusion of the external statutory investigations to reach an answer.

Mrs C wasn't happy with Santander's response, so she brought a complaint to our service.

An investigator looked into Mrs C's complaint and recommended that Santander refund her outstanding loss. The investigator said the evidence showed that Mrs C's funds weren't used for their intended purpose and were obtained by dishonest deception, so her claim is covered by the Contingent Reimbursement Model Code (CRM Code). And, under the CRM Code, Mrs C is entitled to a full refund as she had a reasonable basis for believing the investment was legitimate when she made the payments. But Santander were entitled to deduct the returns she received from the refund.

Santander responded saying there were more credits paid into Mrs C's account than the investigator took into account and that forensic accounting is required. Santander say we're premature in reaching an answer on this case.

The investigator responded and noted that the returns were set out in the "funding form" which Mrs C received for each investment. While Mrs C had received other credits into her account these related to prior investments she'd made with B which aren't part of this complaint.

Santander still disagreed and asked for an ombudsman to review the case.

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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities. In other words, on what I consider is more likely than not to have happened in light of the available evidence.

In broad terms, the starting position in law is that Santander are expected to process payments that a customer authorises it to make, in accordance with the terms and conditions of the customer's account and the Payment Services Regulations (PSR's).

Is it appropriate to determine this complaint now?

I have considered whether it would be appropriate to delay my decision in the interests of fairness, as I understand that the police investigation/court case is still ongoing.

There may be circumstances and cases where it's appropriate to wait for the outcome of external investigations or related court cases. But that isn't necessarily so in every case, as it may be possible to reach conclusions on the main issues on the basis of evidence already available. And it may be that the investigations or proceedings aren't looking at quite the same issues or doing so in the most helpful way.

I'm conscious, for example, that any criminal proceedings might concern charges that don't have much bearing on the issues in this complaint; and, even if the prosecution were relevant, any outcome other than a conviction might be of little help in resolving this complaint because the Crown would have to satisfy a higher standard of proof (beyond reasonable doubt) than I'm required to apply (which – as explained above – is the balance of probabilities).

As for investigations by liquidators/administrators, these are normally made for the purpose of maximising recoveries for creditors. Sometimes they lead to civil proceedings against alleged wrongdoers, or against allegedly implicated third parties. But the claims may not be relevant to the issues in this complaint. And, even if they are potentially relevant, such claims are quite often compromised without a trial and on confidential terms, so the outcome is of little benefit to our service.

In order to determine Mrs C's complaint, I have to ask myself whether, on the balance of probabilities, the available evidence indicates that it's more likely than not that Mrs C was the victim of a scam rather than a failed investment. But I wouldn't proceed to that determination if I consider fairness to the parties demands that I delay doing so.

I'm aware that Mrs C first raised her claim with Santander in April 2025 and I need to bear in mind that this service exists for the purpose of resolving complaints quickly and with minimum formality. With that in mind, I don't think delaying giving Mrs C an answer for an unspecified length of time would be appropriate unless truly justified. And, as a general rule, I'd not be inclined to think it fair to the parties to a complaint to put off my decision unless,

bearing in mind the evidence already available to me, a postponement is likely to help significantly when it comes to deciding the issues.

I'm aware the above processes might result in some recoveries for B's creditors/investors. In order to avoid the risk of double recovery, I think Santander would be entitled to take, if it wishes, an assignment of the rights to all future distributions to Mrs C under those processes in respect of this investment before paying anything I might award to them on this complaint.

For the reasons I discuss further below, I don't think it's necessary to wait for the court proceedings to conclude for me fairly to reach a decision on whether Santander should reimburse Mrs C under the provisions of the CRM Code.

Is Mrs C entitled to a refund under the CRM Code?

Santander are a signatory of the CRM Code, which requires firms to reimburse customers who have been the victims of Authorised Push Payment (APP) scams, in all but a limited number of circumstances.

But, the CRM Code does not apply to 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.

The CRM Code defines what is considered an APP scam as, "where the customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent".

In order to decide whether the circumstances under which Mrs C made her payments, meets the definition of an APP scam, I need to consider:

- The purpose of the payments and whether Mrs C thought this purpose was legitimate.
- The purpose the recipient (B) had in mind at the time of the payments and whether this was broadly in line with what Mrs C understood the purpose to be.
- And, if I decide there was a significant difference in these purposes, whether I'm satisfied that was as a result of dishonest deception.

Mrs C was making payments to B as part of an investment. Based on the evidence that Mrs C had available at the time, there isn't anything to suggest she didn't think this was a legitimate purpose.

So, I've gone on to consider what purpose B had in mind and whether it was in line with what Mrs C thought.

In reaching an answer on what purpose B had in mind, I've considered the wider circumstances surrounding B, and the linked companies involved in the investment. The key information is:

- Following their investigation, the Serious Fraud Office (SFO) said the defendants had provided false information to investors, "encouraging people to pay in whilst knowing that investments are not in reality backed up by the cars they had been promised".
- One of the linked companies (R) told the Financial Conduct Authority (FCA) that it owned 1,200 cars, but the number of charges registered at Companies House was 69. The cars purchased were supposed to be new cars, but DVLA checks showed that 55 cars appeared to be second-hand. The business model relied to a large

extent on securing deep discounts on new vehicles and such discounts would not be available on second-hand cars. There were other discrepancies found between what R told the FCA and what the DVLA checks showed.

- Administrators of one of the linked companies found that it entered into 3,600 investment agreements with individuals, which should've had specific secured vehicles. But the company only had title to approximately 600 vehicles.
- There is no evidence that cars were purchased with Mrs C's funds, or that security was registered at Companies House, as set out in the investment agreement.

Based on this, I'm satisfied that Mrs C's funds weren't used for the intended purpose and that B obtained the funds through dishonest deception. So, I'm satisfied that Mrs C's payments meet the definition of an APP scam and are covered by the CRM Code.

The CRM Code says that Mrs C is entitled to a full refund unless Santander can establish that an exception to reimbursement applies.

Santander haven't provided any evidence or arguments that an exception to reimbursement applies, but for completeness I have considered this point.

Does an exception to reimbursement apply?

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

- The customer made payments without having a reasonable basis for believing that the payee was the person the customer was expecting to pay; the payment was for genuine goods or service; and/or the person or business with whom they transacted was legitimate.
- The customer ignored effective warnings, by failing to take appropriate action in response to such an effective warning.

** There are further exceptions outlined in the CRM Code, but they don't apply to this case.*

I'm satisfied that Mrs C had a reasonable basis for believing the investment was legitimate. I say this because Mrs C's late husband had been investing with B since 2014 and receiving the promised returns.

I haven't seen any evidence that suggests there were warning signs that B wasn't offering a genuine investment when Mrs C made her payments in 2020. So, Santander couldn't rely on basis for belief as an exception to reimbursement.

Santander haven't said that an effective warning was ignored when Mrs C made these payments and haven't provided evidence of any warning being presented at the time.

Based on the size of the payments, I'm satisfied that they were unusual and out of character for Mrs C's account. So, I would've expected Santander to have identified a potential risk of financial harm and provided an effective warning.

As Santander haven't evidenced that an effective warning was presented, I can't fairly say that Mrs C ignored such a warning. This means Santander can't rely on this exception to reimbursement either.

As I'm not satisfied that Santander can rely on an exception to reimbursement, Mrs C is entitled to a full refund of £210,000. Santander can deduct from that refund the returns that Mrs C received (which total £18,715.20), meaning the net refund should be £191,284.80.

The additional credits that Santander have referred to relate to previous investments that Mrs C made with B, which aren't part of this complaint. The funding forms clearly set out the monthly returns for each of the three payments Mrs C made, which form the basis of this complaint. I'm satisfied that we can clearly identify Mrs C's outstanding loss.

The interest award

Prior to the SFO completing their investigation, Mrs C's payments wouldn't have been covered by the CRM Code.

However, on the conclusion of the SFO's investigation on 19 January 2024, Santander should've considered the available evidence and given Mrs C an answer under the CRM Code within 15 business days - as per R3 (1) (c) of the CRM Code.

This means interest should be calculated from 15 business days after 19 January 2024 (when the SFO investigation concluded) until the date of settlement. Interest is awarded at 8% simple interest per year.

Claims through FSCS

The Financial Services Compensation Scheme (FSCS) is accepting customer claims submitted to it against Raedex Consortium Ltd. More information about the FSCS's position on claims submitted to FSCS against Raedex can be found here:

<https://www.fscs.org.uk/making-a-claim/failed-firms/raedex/>

The FSCS is also aware that we have issued recent decisions upholding complaints against banks related to the Raedex investment scheme. Whether the FSCS pays any compensation to anyone who submits a claim to it is a matter for the FSCS to determine, and under their rules. It might be that Raedex Consortium Ltd has conducted activities that have contributed to the same loss Mrs C is now complaining to us about in connection with the activities of B.

As I have determined that this complaint should be upheld Mrs C should know that as she will be recovering compensation from Santander, she cannot claim again for the same loss by making a claim at FSCS (however, if the overall loss is greater than the amount she recovers from Santander she may be able to recover that further compensation by making a claim to FSCS, but that will be a matter for the FSCS to consider and under their rules.) Further, if Mrs C has already made a claim at FSCS in connection with B, and in the event the FSCS pays compensation, Mrs C is required to repay any further compensation she receives from her complaint against Santander, up to the amount received in compensation from FSCS.

FOS and FSCS operate independently, however in these circumstances, it is important that FSCS and FOS are working together and sharing information to ensure that fair compensation is awarded. More information about how FOS shares information with other public bodies can be found in our privacy notice here <https://www.financial-ombudsman.org.uk/privacy-policy/consumer-privacy-notice>

Putting things right

To put things right I require Santander UK Plc to:

- Refund Mrs C £191,284.80, and
- Pay 8% simple interest per year on the refund, calculated from 15 business days after 19 January 2024 until the date of settlement.*
- In order to avoid the risk of double recovery Santander is entitled to take, if it wishes, an assignment of the rights to all future distributions under the administrative process before paying the award.

* If Santander considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs C how much it's taken off. It should also give Mrs C a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I uphold this complaint against National Westminster Bank Plc and require them to compensate Mrs C, as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 10 February 2026.

Lisa Lowe
Ombudsman