

## The complaint

Mrs O complains that Santander UK Plc won't refund the money she lost when she was the victim of what she feels was a scam.

## What happened

In January 2022, Mrs O says a friend of hers told her about an opportunity to invest with a cryptocurrency investment company. And after researching the company and seeing an online presentation about the investment, Mrs O says she decided to invest. She then made two payments to someone promoting the investment, on the understanding that the promotor would then transfer these amounts to her account with the cryptocurrency investment company. And she made a payment to a friend of hers who had previously invested, on the understanding that the friend would credit an equivalent amount to Mrs O's account with the cryptocurrency investment company.

I've set out the payments Mrs O made from her Santander account below:

<b>Date</b>	<b>Details</b>	<b>Amount</b>
19 January 2022	To promotor	£3,954
25 January 2022	To promotor	£7,860
3 March 2022	To friend	£3,920

Unfortunately, Mrs O didn't receive the returns she was told she would and hasn't been able to withdraw her money from the cryptocurrency investment company's platform. So she reported the payments she made to Santander as a scam and asked it to refund the money she had lost.

Santander investigated and agreed to refund 50% of the two payments Mrs O had made to the promotor, as it said it hadn't met the standards expected of it in relation to these two payments. But it didn't agree to refund any of the payment Mrs O had made to her friend, as it said this was a civil dispute between her and the friend. Mrs O wasn't satisfied with Santander's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They thought the refund Santander had offered was fair, so didn't recommend it should refund anything further. Mrs O disagreed with our investigator, so the complaint has been passed to me.

## 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 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, where the customer made the payment 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 payment.

At the time all three payments were made, Santander was a signatory of the Lending Standards Boards Contingent Reimbursement Model (the CRM code). This required firms to reimburse customers who had been the victim of certain types of scams, in all but a limited number of circumstances. But customers were only covered by the code where they had been the victim of a scam – as defined in the code.

#### *The payment to Mrs O's friend*

The relevant definition of a scam from the CRM code is that the customer transferred funds to another person for what they believed were legitimate purposes but were in fact fraudulent.

And I appreciate that Mrs O understood that, following this payment to her friend of £3,920 on 3 March 2022, an equivalent amount would be credited to her account with the cryptocurrency investment company. But she didn't pay the company directly, she instead paid her friend. So, for the purposes of the CRM code, it is the intentions of the friend Mrs O actually paid that must be considered to determine whether the circumstances here meet the definition of a scam.

And so in order to determine whether Mrs O has been the victim of a scam as defined in the CRM code I need to consider whether the purpose she intended for the payment was legitimate, whether the purpose she and her friend intended were broadly aligned and then, if they weren't, whether this was the result of dishonest deception on the part of her friend.

From what I've seen, I'm satisfied Mrs O made the payment with the intention of investing with the cryptocurrency investment company. I think she thought an equivalent amount to the payments would be credited to her account with the cryptocurrency investment company. And I haven't seen anything to suggest that Mrs O didn't think this was legitimate.

But I'm not satisfied the evidence I've seen shows that the friend intended a different purpose for the payment, or that Mrs O's and the friend's purposes for the payment weren't broadly aligned.

Even if the cryptocurrency investment company itself was knowingly operating a scam, I've not seen clear evidence that the friend Mrs O paid was significantly involved with the company – beyond investing themselves. So I've not seen anything to show that the friend knew the company was operating a scam.

And in the absence of this evidence, I think it's likely the friend Mrs O paid thought the investment was legitimate and intended to help Mrs O invest in what they thought was a genuinely good investment opportunity.

So I'm not persuaded that the available evidence is sufficient to safely conclude that the purpose the friend intended for this payment was different than the purpose Mrs O intended. I think they both intended for the payments to be legitimately invested by the cryptocurrency investment company.

And so I don't think the circumstances of this payment of £3,920 on 3 March 2022 meet the relevant definition of a scam, or that it is therefore covered by the CRM code.

In addition to its responsibilities under the CRM code, I think Santander should also have been monitoring accounts and had systems in place to look out for signs that its customers

were at risk of financial harm from fraud. But Santander did intervene when Mrs O tried to make this payment, and Mrs O told it the payment was a gift to her sister to pay for home improvements. So even if Santander had asked more in-depth and probing questions, I think Mrs O would likely not have given it accurate information about the circumstances of the payment – as she did to the questions she was asked. And so I don't think anything I would reasonably have expected Santander to have done would have prevented her from making this payment or losing the money she did from it.

And so I don't think it would be fair to require Santander to refund this payment of £3,920 from 3 March 2022 to Mrs O.

### *The payments to the promotor*

Santander has accepted that these two payments made to the promotor, of £3,954 on 19 January 2022 and £7,860 on 25 January 2022, are covered by the CRM code. And it has already agreed to refund 50% of the money Mrs O lost from them, as it failed to meet the standards set out for it in the CRM code. So the only remaining issue in relation to these two payments is whether Santander should be required to refund more than the 50% it has already offered to.

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

- The customer ignored an effective warning in relation to the payment being made
- The customer made the payment without a reasonable basis for believing that:
  - o the payee was the person the customer was expecting to pay;
  - o the payment was for genuine goods or services; and/or
  - o the person or business with whom they transacted was legitimate

There are further exceptions within the CRM code, but these don't apply here.

Santander has argued that, when she made the payments, Mrs O didn't have a reasonable basis for belief that the investment was genuine or that the cryptocurrency investment company was legitimate. And while I appreciate she has been the victim of a cruel scam, I do think there were a number of things about what was happening and what she was told that should have caused Mrs O significant concern.

Mrs O has said she was first told about the cryptocurrency investment company by a friend and then researched the company online. And she's said there were no negative results online at the time. But, given the amount of money she was intending to send to the company, I'm not satisfied that the absence of negative results should have been sufficient for her to be satisfied the investment company was legitimate. And the UK's financial regulator, the Financial Conduct Authority, had issued a warning about the cryptocurrency investment company in March 2021, which I think Mrs O would have seen if she had done the level of research I think would have been reasonable.

From what I've seen, the returns investors were told they would make from investing with the cryptocurrency investment company were also very high. Investors were told they could make around 1% returns in just 24 hours, but I think consistent returns of this kind over such a short period of time aren't plausible. So I think being told this should have caused Mrs O significant concern that what she was being told about the investment was too good to be true.

So I think Santander has established that Mrs O made these two payments without a reasonable basis for belief that the investment was genuine. And so it has established that

one of the exceptions to reimbursement under the CRM code applies here, and it does not have to refund Mrs O all the money she lost as a result of these payments.

Where one of the exceptions to reimbursement applies, but the firm also didn't meet the standards set out for it, the CRM code says that a firm should reimburse 50% of the money the consumer lost from the payments. So, as Santander has already offered to refund 50% of these two payments, I think it has acted in line with the CRM code in relation to them, and I don't think it would be fair to require it to refund anything further.

### **My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 6 March 2026.

Alan Millward  
**Ombudsman**