

The complaint

Miss C complains that Santander UK Plc ('Santander') won't refund the money she lost to an authorised push payment ('APP') scam.

Miss C referred her complaint to this service with the help of a professional representative. However, for ease of reading, I'll refer only to Miss C throughout my decision.

What happened

The circumstances of the complaint are well-known to both parties. So, I don't intend to set these out in detail here. However, I'll provide a brief summary of what's happened.

In June/July 2024, Miss C sent approximately £2,000 to a cryptocurrency investment with a company which I'll refer to as 'Company S'. Miss C made two small withdrawals, but when she tried to withdraw a larger amount, Company S ceased communicating with her.

In October 2024, Miss C received a phone call from a company, which I'll refer to as 'Company M'. Miss C was told that her investment with Company S had grown to £40,000 and Company M could help her withdraw the funds.

Miss C was instructed to make four faster payments, totalling £14,342, to her own digital wallet with a cryptocurrency exchange, which I'll refer to as 'K'. Miss C says these transactions were to pay the fees and taxes Company M said she needed to pay in order to withdraw the profit she believed she'd made on her investment with Company S. A majority of the funds sent to Miss C's digital wallet with K were subsequently stolen by Company M.

When Miss C discovered she'd been scammed by Company M, she reported the situation to Santander and asked it to refund the payments she'd made to K. Santander said Miss C was still in control of the funds once they left her Santander account as they credited her own digital wallet with K. As a result, Santander didn't think it was responsible for reimbursing Miss C, as the loss didn't occur when the funds left Miss C's account with Santander.

Unhappy with Santander's response, Miss C referred a complaint to this service about the scam payments relating to Company M. Our Investigator upheld the complaint in part. In summary they said:

- Santander couldn't reasonably have prevented the first two scam payments, totaling £4,741, meaning Miss C needed to take full responsibility for that part of her loss;
- Santander could have prevented the third and fourth scam payments, totaling £9,601, meaning it could be held responsible for the loss caused by those two payments; and
- Miss C had been contributorily negligent and needed to take equal responsibility with Santander for the loss caused from the third and fourth scam payments.

Our Investigator thought the funds that Miss C was able to withdraw from her digital wallet with K after the scam ended, totalling £755.05, should be deducted from the total loss value of scam payments three and four, giving an outstanding loss of £8,845.95. So, our Investigator recommended Santander refund 50% of the outstanding loss, totalling £4,422.98, plus interest.

Miss C accepted our Investigator's recommendation for how to resolve her complaint, but Santander didn't agree. Santander reiterated that the payments went to Miss C's own account and so her loss didn't occur at the point her funds left her Santander account. Santander also didn't think the scam payments were suspicious enough to have caused any concerns that Miss C was being scammed.

As an informal agreement couldn't be reached, the complaint has been passed 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.

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 have been good industry practice at the time.

For clarity, my decision solely focuses on the payments that Miss C sent to K as part of the scam carried out by Company M.

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 (in this case, the 2017 regulations) and the terms and conditions of the customer's account.

It's not in dispute that Miss C made the disputed payments. So, the payments were authorised and under the Payment Services Regulations, the starting position here is that Miss C is responsible for the payments (and the subsequent loss). However, that's not the end of the story.

Good industry practice required Santander to be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to warn the customer about the risks of proceeding.

I agree with our Investigator that the first scam payment for £1,000 wasn't suspicious. Santander asked what the purpose of the payment was and Miss C selected "*Transfer to my own account*". Miss C received a generic written warning about safe account scams, and I think that was proportionate in the circumstances.

When the second scam payment, for £3,741, was made, there was an increased risk of financial harm. It was a much larger payment than the first, and it was made to the same beneficiary shortly after the initial payment. In those circumstances, Santander reasonably ought to have asked some automated questions to establish the purpose of the payment and to ensure Miss C wasn't falling victim to a scam. Miss C was paying her own digital wallet with K, which she'd received funds from in the past. So, I agree with our Investigator that proportionate intervention from Santander wouldn't have identified the scam when that payment was made.

The third scam payment was for £6,101. It was made shortly after the first two scam payments, it was for a large amount, and it was significantly more than the earlier payments. It took the total sent to K in less than an hour to over £10,000 and the payment was identifiably going to a cryptocurrency exchange. A pattern, indicative of fraud had emerged and, in those circumstances, Santander reasonably ought to have been concerned that Miss C might be falling victim to a scam, and a proportionate response would've been for Santander to question the payment (and the previous two payments) through human intervention.

Miss C doesn't recall being given a cover story by Company M and I've been provided with no evidence to suggest she wouldn't have answered accurately if questioned. So, if questioned by Santander, I think she would've revealed that she was:

- sending funds to her own digital wallet with K;
- the purpose of sending the funds to K was to pay fees and taxes to withdraw from a cryptocurrency investment with Company S;
- after previously trying to withdraw from Company S, communication had ceased;
- she'd received a cold call, unexpectedly, from Company M about claiming back her investment with Company S;
- she'd been led to believe that her investment had increased from approximately £2,000 to £40,000 in a short period of time; and
- she had given Company M remote access to her device.

This would've given Santander cause for concern that Miss C was, most likely, falling victim to a cryptocurrency investment recovery scam. With that information, Santander could've provided Miss C with warnings, relevant to this type of fraud, that included common hallmarks of these types of scams, many of which were relevant to Miss C's circumstances. Had that happened, I'm persuaded Miss C wouldn't have continued with the third and fourth scam payments and the loss could've been avoided.

I have taken into account that Miss C remained in control of her money after making the payments from Santander. It wasn't lost until further steps were taken. But Santander should still have recognised that Miss C was at risk of financial harm from fraud, made further enquiries about the third scam payment for £6,101 and ultimately prevented Miss C's loss from that point onwards. I think Santander can fairly be held responsible for Miss C's loss, from the payments it could've prevented, in such circumstances.

While I have considered all of the facts of the case, including the role of other financial institutions involved, Miss C has chosen not to complain about any other firm, and I can't compel her to do so. And I don't think it would be fair to reduce Miss C's compensation because she's only complained about one firm, as I consider that Santander should've prevented the loss from scam payment three onwards.

Santander doesn't believe that it could've prevented Miss C from being scammed because, after reporting Company S as a scam, she received education about scams and then fell victim to a similar scam afterwards. Essentially, Santander believes Miss C may have gone ahead with the payments even if it had provided warnings through human intervention.

I've considered this point carefully and I'm mindful that the scam orchestrated by Company S was reported to Santander in November 2024. The scam payments involving Company M were made in October 2024. So, the scam education Miss C received from Santander was only provided after the second scam had taken place. As a result, I'm not persuaded by Santander's argument here.

I also have to bear in mind Miss C's own actions here. She's explained that when she received a call from Company M, she searched online and found positive reviews. Through my own independent research, the reviews I've found of Company M are extremely concerning and do not give the impression that Company M was a genuine business and many reviews, prior to Miss C being scammed, highlighted that it was a fraudulent enterprise. So, I have significant doubts about the research Miss C claims to have done.

I'm also concerned that she was told her investment with Company S had increased so significantly in a relatively short period of time. Even to an inexperienced investor, the return was too good to be true and ought to have given Miss C cause for concern. I've also not seen any evidence to suggest Miss C reasonably ought to have believed that this amount was available to be returned to her.

Miss C says she thought Company M was connected to a genuine debt recovery company she'd spoken to about recovering her loss from Company S. I can see no connection between Company M and the debt recovery company Miss C had approached and so I don't think this was a reasonable assumption for Miss C to have made.

I appreciate Miss C has been diagnosed with a medical condition that can affect her decision making. When reporting the situation to Santander, Miss C explained that her condition had been under control, through medication, professional support and support from her friends and family, for approximately four years. There's nothing to suggest her condition affected her ability to protect herself from this scam at the time it happened. So, I'm not persuaded it would be unfair to hold her equally responsible for the loss from scam payments three and four.

After reporting the scams to Santander, Miss C was able to withdraw £755.05 from her digital wallet with K. It's unclear if the funds Miss C withdrew from K were the remaining balance of scam payment four that wasn't entirely stolen by Company M or if those funds were unrelated to Company M's scam. Our Investigator thought it was fair for the full amount to be deducted from Miss C's loss, and Miss C agreed with that outcome. So, I see no reason to depart from our Investigator's findings on that point.

Putting things right

Miss C's outstanding loss from scam payments three and four (after deducting the funds Miss C withdrew from her digital wallet with K) is £8,845.95.

To resolve the complaint, Santander should:

- refund 50% of Miss C's outstanding loss from scam payments three and four, totaling £4,422.98; and
- pay interest, at 8% simple per annum, on the refund, from the date the scam payments were made until the date of settlement.

My final decision

For the reasons explained above, my final decision is that I uphold this complaint in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 6 February 2026.

Liam Davies
Ombudsman