

The complaint

Mr K complains that Santander UK Plc won't refund the money he lost to a scam.

What happened

The background to this complaint is well known to all parties, so I won't repeat it in detail here. But in summary, I understand it to be as follows.

Mr K was looking to buy a golf club from an online marketplace. He found a seller and, on 12 September 2025, he sent the seller £130 from the account that he holds with Santander. Unfortunately, the seller was a scammer and Mr K didn't receive the item that he'd paid for.

Mr K raised the matter with Santander. It looked into things and provided him with a refund of £30 and said it was entitled to deduct an excess of £100 from Mr K's claim under the Faster Payment Scheme Reimbursement Rules ("Reimbursement Rules").

Unhappy with Santander's response, Mr K brought his complaint to this service. One of our Investigator's looked into things but didn't uphold Mr K's complaint. In summary, our Investigator didn't think Santander were wrong to apply the excess and she didn't think there was any other reason as to why Santander should be liable for Mr K's loss.

Mr K didn't agree with our Investigator's view. As an agreement couldn't be reached, the complaint has been passed to me for a 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.

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.

Having thought carefully about Santander's actions, I'm not upholding Mr K's complaint. I do appreciate how disappointing this will be for him. It's not in dispute that he was a victim of a scam, and he is out of pocket as a result. But in weighing everything up, so Santander's actions and the testimony and evidence Mr K has provided about what happened, I don't think I can fairly say Santander could have prevented Mr K's loss. Nor do I think Mr K is due any further reimbursement of the faster payment he made to the seller under the Reimbursement Rules. I'll explain why.

In broad terms, the starting position at law is that a bank, such as Santander, is expected to process payments and withdrawals that a customer authorises it to make. It isn't disputed that Mr K knowingly made the payment from his account – albeit under the direction of the scammer – and so, I'm satisfied he authorised it. Therefore, under the Payment Services

Regulations 2017 and the terms of his account, Santander is expected to process Mr K's payment, and he is presumed liable for the loss in the first instance.

In his submissions, Mr K has mentioned the Contingent Reimbursement Model (CRM Code), but this was no longer in place at the time Mr K made his payment, so it is not a consideration here.

However, that isn't the end of matters. From 7 October 2024, Payment Services Providers in the UK, like Santander, have been bound by the Faster Payments Scheme (FPS) and the CHAPS reimbursement rules ("Reimbursement Rules"). Under these rules, most victims of Authorised Push Payment (APP) scams should be reimbursed. However, there is a limit to what PSPs are expected to refund under the rules. One such limit is that they can apply an excess of £100 per FPS APP claim.

Santander accepts that the Reimbursement Rules apply to Mr K's payment. It says it has reimbursed Mr K in line with the requirements of these rules and was entitled to deduct an 'excess' amount from the sum it reimburses, which it has chosen to apply, resulting in Mr K receiving a refund of £30.

I'm satisfied Santander were entitled to do this. The Reimbursement Rules state:

Sending PSPs may apply a single claim excess to each FPS APP scam claim, up to the maximum claim excess value set by the PSR and published on their website.

The PSR's website includes the following, setting the maximum value of the 'excess':

- *Sending PSPs may apply an excess up to a maximum of £100 per claim.*
- *Sending PSPs may decide to apply the maximum excess (£100), a lower excess or no excess.*

The rules do contain an exception to this permission to deduct an excess. This affects claims where a customer met the rules' definition of a vulnerable customer at the time of the payment. In summary, this exception might take effect where the customer's circumstances meant they were especially susceptible to harm. Mr K does not argue that this should apply to him, and I have not seen any evidence which persuades me it might.

In summary, the Reimbursement Rules permit Santander to choose to make the deduction it did. This was a matter for the bank's discretion, and I have found nothing that would lead me to reach a finding that it wasn't entitled to do so. I'm therefore persuaded Santander's decision that the excess could be applied based on the loss was fair.

I've considered if there are any other reasons as to why Santander may be liable for Mr K's loss, but I don't think there is. I don't think it had cause to suspect the payment was linked to fraud at the time it was made; while I don't doubt this represented a lot of money to Mr K, I don't think the payment was of such a high value or so unusual that it would have appeared to Santander as being indicative of fraud. I therefore consider it reasonable that Santander processed the payment in line with Mr K's authorised instructions without completing further checks. I also don't think Santander missed an opportunity to recover the money that had been sent from the beneficiary account (the account to which the money was sent) – Santander did seek to recover the money, but sadly no funds remained.

I'm mindful Mr K thinks it is unfair that he is at a loss, and I understand why he feels aggrieved about this. But it seems to me that as a result of the partial reimbursement of the scam payment, both Mr K and Santander are now in a position of financial loss. The only person who has benefited (or not suffered a financial loss) from the transaction is the

scammer paid by Mr K as a result of their dishonest deception. Neither Mr K, nor Santander were at fault here. Neither were responsible for this scam's success. Yet both are now in a position of financial loss despite having no fault or deserving any blame.

Santander's share of the cost of this crime is one it must incur as the result of regulations created to protect scam victims such as Mr K. As I've set out above, except for the requirements placed on it by the Reimbursement Rules, Santander would not have incurred any loss here. Without these Reimbursement Rules, that loss would have been solely borne by Mr K. Ultimately, the application of the Reimbursement Rules means Mr K has received more back than he otherwise would have (despite that not being the full amount he lost).

I know Mr K is frustrated that there are limits on the extent to which the Reimbursement Rules protect the innocent victims of scams such as he was. And I know he will be disappointed with my final decision on this. But while I have sympathy for the fact Mr K has lost out as the result of a scam, I don't find Santander at fault and I don't require Santander to reimburse him more than it already has.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 20 May 2026.

Stephen Wise
Ombudsman