

The complaint

Mr A complains that Santander UK Plc (“Santander”) won’t reimburse money he lost to what he believes is an Authorised Push Payment (APP) scam.

What happened

In May 2025, Mr A made a faster payment of £4,500 from his account with Santander to a company I’ll call “D”. This payment, which was sent to an account in the UK, was a deposit for a made-to-order diamond stone which Mr A agreed to purchase from an overseas company, following discussions for several weeks.

Mr A became concerned when the stone wasn’t ready in the timescales initially given and when the grading report wasn’t made available to him. D said the stone was ready but was being re-graded, and it offered to provide an alternative stone to Mr A given his time constraints. After making further enquiries about the made-to-order stone, Mr A asked to see the grading report for the alternative stone. At his request, a physical copy was also sent to him.

When Mr A offered to pay the remaining balance to D in cash locally in the overseas country through someone known to him, D called off the deal. Initially it said it would return Mr A’s deposit, but later said it would refund him once the grading report was returned. D asked Mr A to post the certificate to an address in another country. Mr A says he subsequently discovered that the alternative stone he’d been offered was held by a different company in another country – leading him to believe that D never intended to provide him with a diamond stone.

Santander declined Mr A’s scam claim. It said this matter was a civil dispute between him and D, and therefore not covered by the relevant reimbursement rules. Unhappy with this outcome, Mr A contacted our Service.

Our Investigator agreed that Santander didn’t need to reimburse Mr A as this was most likely a civil dispute. Mr A disagreed with the Investigator’s findings and maintained that’s he’d been scammed and had provided evidence to demonstrate this.

As the case couldn’t be resolved informally, it’s come to me for a 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.

I’m sorry to hear about the situation Mr A has been left in. From his perspective, he’s paid money to D but hasn’t received anything in return. It’s important I mention that it’s not within my remit to consider Mr A’s dispute with D. My role is limited to looking at his dispute with Santander, and whether I can fairly hold it liable for his loss.

In broad terms, the starting position in law is that a payment service provider like Santander is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations 2017 and the terms and conditions of the customer's account. There's no dispute here that Mr A authorised the payment in question.

Mr A says he made the payment due to falling victim to an APP scam. From 7 October 2024, payment service providers in the UK have been bound by the Faster Payments Scheme (FPS) and the CHAPS reimbursement rules ('the reimbursement rules'). Under these rules, most victims of APP scams should be reimbursed. Private civil disputes aren't covered.

The reimbursement rules define an APP scam as:

"Where a person uses a fraudulent or dishonest act or course of conduct to manipulate, deceive or persuade a consumer into transferring funds from the consumer's relevant account to a relevant account not controlled by the consumer, where:

- *The recipient is not who the consumer intended to pay, or*
- *The payment is not for the purpose the consumer intended"*

A 'private civil dispute' is defined as:

"a dispute between a consumer and payee which is a private matter between them for resolution in the civil courts, rather than involving criminal fraud or dishonesty."

So, to uphold Mr A's complaint, and to tell Santander to reimburse the money he paid, I'd need to be persuaded that the APP scam definition as set out above is met in the circumstances of what happened in this case.

There's no dispute here that Mr A paid who he intended to pay. So, the first part of the definition doesn't apply. For Mr A to have been the victim of an APP scam, I'd need to be satisfied that D set out to defraud or dishonestly deceive Mr A about the very purpose for which his payment was procured.

The allegation of fraud is a serious one. While I can reach my findings on the balance of probabilities (rather than beyond all reasonable doubt for example), to make a finding that D did intend to defraud Mr A, I'd need to see convincing evidence to show fraud is the most likely explanation over any other possibility.

Failure to provide the diamond stone won't be enough to show that what happened here amounts to an APP scam. That's because the key issue is whether D's intention at the time of the payment was to defraud Mr A. Any other reasons for not providing the stone might not mean that that is what was always intended.

I accept that some of the issues Mr A has highlighted might suggest that D wasn't acting as I might expect from a professional business. For example, the tone of the communication and the reasons given for delays in making the stone and the re-grading process. But this doesn't mean that D set out to defraud Mr A when it procured his payment. Of course, I can't know for sure what was intended, particularly in the absence of any direct contact and testimony from D. I can't compel evidence from it either. Instead, I need to make my decision based on the evidence available to me and considering whether I think that evidence shows fraud is the most likely of the possible outcomes. In other words, applying the balance of probabilities test.

It's clear from the evidence I've seen that Mr A communicated with D for several weeks and made a number of enquiries – not just about the stone but also D in general – to satisfy himself before deciding to go ahead with the payment. Mr A also involved someone locally based in D's country of residence as part of his enquiries. There was a delay in the made-to-order diamond being ready and then there were grading issues. As a consequence of this, and because of the urgency, Mr A took up D's offer of an alternative stone. While this means that Mr A didn't receive the initial stone that he'd paid a deposit for, it doesn't mean that that stone wasn't cut and made after D received the order.

In relation to the alternative stone, Mr A says he's been in contact with the genuine owner who's based in a different country to him and D. He says they've held the stone since early 2024, which is long before D offered it to him. Mr A believes this proves D never possessed the stone and it used an unauthorised copy of its grading report.

I thank Mr A for forwarding the chat correspondence between him and the third party. I've read the messages and I can see that the said party didn't recognise D or any other names Mr A said D went by when he asked them about it. It's also true that in response to his question about when they first had the stone in their stock, the third party said, "in the beginning of 2024". But Mr A's claim that they also told him they never sold or transferred the stone to the country D is based in isn't borne out in the messages I've read.

I accept it's possible that the stone D offered Mr A wasn't in its possession at the time. But I can't see that D explicitly told Mr A that it was. D said, "I have this stone ready". While this could mean that the stone was in its possession, it could also mean that D was able to source this stone for Mr A if he was interested. It's my understanding that diamond traders frequently sell stones belonging to other traders.

I appreciate that the third-party Mr D communicated with didn't recognise D. But this doesn't rule out the possibility that the said party could have misremembered, or that D could have made arrangements to procure the stone through another trader. I note that when Mr A asked D about the stone's location, it did say it was available in D's country some time ago and was also available in the country that third party is based. So, I don't find that the third party's comments conclusively support Mr A's claims that D never intended to sell the stone to him.

Mr A's communication with D indicates a breakdown in their relationship. It seems D took issue with Mr A's offer to pay the remaining amount in cash locally through an agent. And it made the refund of the deposit conditional on him returning the grading report. I can see that there was a protracted exchange of messages over a period of time, and ultimately D stopped responding.

Finally, the receiving bank has shared information – which I can't share with Mr A for data protection reasons – and it doesn't indicate the common hallmarks that one might expect to see had a criminal fraud been intended on D's part from the outset.

As I've set out above, in order to make a finding that D intended to defraud Mr A, I'd need to see convincing evidence which shows that fraud is the most likely explanation over any other possibilities. That includes the possibility that the made-to-order stone was completed in good faith, and that D was also able to source a replacement stone it could offer Mr A, but the relationship between them broke down. There's also the possibility that D engaged in poor practices such as poor organisation.

Based on everything I've seen, including evidence of a fall out and a lack of evidence from the receiving bank to show that the matter is a scam, on balance, I can't fairly conclude that D had the intent to defraud Mr A and that he fell victim to an APP scam. In the

circumstances, I don't think Santander acted unfairly by not reimbursing Mr A under the reimbursement rules.

My final decision

For the reasons given, 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 A to accept or reject my decision before 15 May 2026.

Gagandeep Singh
Ombudsman