

The complaint

Mr H complains that Santander UK Plc ('Santander') did not reimburse the funds he says he lost to what he believes was a scam.

What happened

Mr H says he was introduced to an investment opportunity by an unregulated advisor I'll refer to as "K". The investment was in the development of holiday lodges which would eventually be rented out to generate revenue. I'll refer to the company that provided the investment as "B".

Mr H was sold the investment by K, a company he trusted and had used for previous successful property investments. He was provided with brochures and researched B online as well as reviewing B's website and reading articles and reviews about B.

Mr H expected to receive quarterly returns on the amount invested, with B buying back the lodge after a fixed term of five years. Mr H signed an agreement dated 20 April 2023 and sent two payments to B from his Santander account. The first payment was for £1,000 sent on 20 April 2023, and the second payment was £83,950 sent on 26 April 2023.

Mr H received quarterly returns as expected until April 2024 and received a total of £6,305.14 meaning his total remaining loss is £78,644.86.

Mr H now feels he has been the victim of a scam. Mr H says that B stopped communicating with him and paying out returns and then went into administration. He has also been alerted by others about what happened to B.

Mr H first raised the issue with Santander in October 2024 but it wasn't able to give him an outcome. Mr H made a complaint via a professional representative in January 2025. Santander didn't issue a final response, so Mr H brought the complaint to our service.

One of our Investigators reviewed the complaint but didn't uphold it.

Mr H disagreed with the findings and raised a number of points in response. Broadly speaking, these points focused on what investors, including Mr H, were told about the security of the investment and concerns about how investors' money was used.

As an informal agreement could not be reached, the complaint has been passed to me to make a decision.

I sent Mr H and Santander a provisional decision on 7 January 2026, setting out why I didn't intend to uphold the complaint. In my provisional decision I said the following:

"My role is to consider the evidence provided by the parties to this complaint and reach what I think is a fair and reasonable decision, based on what I find to be the facts of the case."

This is a complex issue. I am aware of multiple other investors who have brought claims they also lost money after investing with B and its associated companies. I'm also aware that there are other interested parties such as liquidators and the police, who are currently conducting reviews and investigations. How long these reviews and investigations may take is currently unknown. As such, I'm conscious that new information may become available at some point in the future, which may shed some more light on the situation than is currently known.

But I'm only able to conclude this case based on the information currently available to me. I do not think it would be in the interest of fairness to delay reaching an outcome in this case, in the hope that further evidence that might impact my findings, may become available at an unspecified date in the future.

Should new material evidence become available after I have reached a final decision, Mr H is entitled to ask Santander to reconsider a claim under the CRM Code. If needed, he could then refer any resulting complaint to the Financial Ombudsman Service. It isn't in dispute that Mr H authorised the payments in dispute. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that Mr H is liable for the transactions. But he says that he has been the victim of an authorised push payment (APP) scam.

Santander was signed up to the voluntary CRM Code, which provides additional protection to scam victims. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances).

Firms must normally respond to a claim under the CRM code within 15 days – either accepting that a scam has occurred and then considering if the customer should be reimbursed under the CRM Code or it can decide that no scam has occurred and not reimburse the customer. But firms can also decide to await the outcome of an investigation before giving the consumer an answer under the CRM Code.

Section R3(1)(c) of the CRM Code says:

“...if a case is subject to investigation by a statutory body and the outcome might reasonably inform the Firm's decision, the Firm may wait for the outcome of the investigation before making a decision”

Santander has sought to rely on the provision of R3(1)(c) of the CRM Code. I have therefore considered if I agree Santander is entitled to rely on this provision in the circumstances. If I thought there was currently sufficient evidence to establish that this was most likely an APP scam then I wouldn't consider Santander could rely on R3(1)(c) as a reason to delay giving a reimbursement decision.

Our Investigator explained in his assessment why he didn't think the current evidence showed Mr H had fallen victim to an APP scam. Having considered the evidence currently available to me, I'm in agreement with the Investigator for broadly the same reasons – in that I can't say that it's more likely than not that Mr H made the payments to B as a result of falling victim to a scam here. With the Police investigation ongoing, I think Santander was justified in seeking to rely on provision R3(1)(c) of the CRM Code. I'll explain my reasoning.

The CRM Code only applies if the definition of an APP scam, as set out in it, is met. I have set this definition out below:

...a transfer of funds executed across Faster Payments, CHAPS or an internal book transfer, authorised by a Customer...where:

- (i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or*
- (ii) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent*

In this instance, Mr H's payments were made to the recipient he intended. So for this to have been an APP scam part (ii) would need to apply. I'll therefore need to consider if Mr H's intended purpose for the payments was legitimate, whether the intended purposes he and B had in mind were broadly aligned and, if not, whether this was the result of dishonest deception on the part of B.

Mr H's understanding

Looking over the agreement Mr H has provided, as well as his testimony, I think his understanding was that he was investing in a holiday lodge rental investment scheme which would begin with the development of the holiday site. In return for his investment, he expected to receive quarterly returns. All things considered I don't doubt that Mr H believed this to be a legitimate opportunity.

Were B's purposes fraudulent?

I've considered what purposes B had in mind for the payments it obtained from Mr H and whether these purposes were in line with the purposes Mr H had believed, or instead, if they were in fact fraudulent. In considering the purposes B and its linked companies had in mind, I've considered the following key information;

- B and linked companies owned sites and either had, or sought, planning permission to build and develop holiday homes on these sites. This suggests that there was a genuine intention of B and those other companies to build and/or develop the sites.*
- A number of lodges had been installed and were being let as intended and had received positive online reviews.*
- The evidence available doesn't demonstrate that investors' funds were obtained fraudulently or solely for the personal benefit of the directors. I've been provided with no evidence to show that the funds weren't, in the main, used for business purposes.*
- Many submissions have been provided, and allegations made, relating to representations made to investors about the investment being secured and asset-backed. Whilst some misrepresentations may have been made by agents selling this investment scheme (such as K), I don't think this necessarily speaks to the intentions of B and the other companies involved in the development and operation of the sites (including whether they sought to defraud their investors).*

It's clear that there are large and complex ongoing investigations by both the administrators of the companies involved as well as the police. But an investigation itself doesn't automatically mean that fraud has occurred. And these investigations haven't yet drawn any definitive conclusions as to whether the companies, or their directors, have acted fraudulently. The Police have not shared any information about the current position of the investigation or whether it has found any evidence to support a finding of fraudulent activity (or whether any such evidence might support a finding of APP scam).

For completeness, I note that fraudulent activity by the companies or their directors may not automatically mean that Mr H's payments would then meet the definition of an APP scam. Any activity found to be fraudulent may be unrelated to the purposes for which investors'

funds were obtained and could instead relate to other activities carried out by the companies.

It is possible that the allocation of the same lodge plot number to more than one investor reflects fraud. But I'm mindful this could also have been caused by poor administration, or a sub-divided share in a single unit, or that it happened for another legitimate reason. To find that B was operating a criminal scam, I'd need to find that there is convincing evidence to show that fraud and criminality is the most likely explanation, not one of a range of possibilities.

I acknowledge that Mr H has lost a substantial amount of money, and I sympathise with him. But I have to keep in mind that many businesses and investments fail and enter administration for genuine reasons, and not because they were set up to defraud and scam people. Overall, based on the evidence currently available, I'm not persuaded that an APP scam is a more likely explanation.

Mr H made payments towards a holiday lodge scheme that was purporting to develop the site and rent a lodge for which he would, and did, receive quarterly returns. The evidence I've seen doesn't sufficiently demonstrate that B didn't have the intention of carrying out and completing the developments and rentals at the time of Mr H's payments.

Because of this, I don't find that the evidence currently available to me is sufficient to show that Mr H's payments were made as the result of an APP scam as defined by the CRM Code.

Can Santander reasonably rely on provision R3(1)(c) of the CRM Code?

Santander has chosen to rely on provision R3(1)(c) of the CRM Code and await the outcome of the investigation by the police. My role here is to consider Santander's actions.

Considering there are separate investigations being carried out by the police and the administrators of the companies involved that might provide evidence of an intent to scam investors, I think Santander is entitled to apply R3(1)(c) and delay giving a decision under the CRM Code until the police investigation has concluded.

Should Santander have done anything else to prevent Mr H's loss?

I have gone on to consider whether Santander could've done any more at the time of the payments in order to prevent Mr H's loss.

Santander asked Mr H a series of automated questions about the first payment and says it provided a dynamic warning based on his answers. Mr H made the second payment while on the phone with Santander. Mr H was honest about the purpose of the payment and about the investment. He reassured Santander that he had completed his due diligence, had been introduced to the investment by a trusted company he'd successfully used before for property investments, and he was happy to make the payment.

Having considered the information that was available at the time the payment was made, I'm not persuaded Santander would have had any concerns if it had questioned Mr H any further than it did about the payment. B was a legitimate company, Mr H had seen documentation, signed a legitimate looking agreement, trusted the introducer and there was nothing in the public domain at the time to suggest Santander should have been concerned that Mr H might be at risk of financial harm. So I can't fairly say Santander could've prevented Mr H's loss at the time.

Summary

I'm sorry that Mr H has lost a significant amount of money but I'm not persuaded the currently available evidence is sufficient to establish that he has fallen victim to an APP scam. I don't think it was unfair for Santander to decide to wait for the outcome of an investigation to give Mr H a reimbursement decision under the provisions of the CRM Code.

I know this will be very disappointing to Mr H, but I'm unable to say that Santander is liable to reimburse his losses. Should any new material evidence come to light at a later date, for example from the police or the administrators, Mr H can ask Santander to reconsider his claim. But as it stands, I can't fairly say Santander should reimburse Mr H's loss under the CRM Code or for any other reason".

I said I'd consider anything further Mr H and Santander submitted following the provisional decision.

Responses to my provisional decision

Santander responded to my provisional decision and confirmed it had no further comments to make.

Mr H responded to my provisional decision through his professional representative and said that our service was aware that it was waiting for more information to show what happened to the majority of investors' money. It also provided evidence from the police that confirms more suspects have been arrested.

Mr H's professional representative says that this information should be considered alongside other indicators that B was operating as a scam.

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 have considered this additional information, but it doesn't change my decision.

In my provisional decision I explained why, based on the evidence currently available, I wasn't persuaded that Mr H's payments were made as the result of an APP scam as defined by the CRM Code. I also acknowledged that there were ongoing large and complex investigations being carried out by the police and the administrators of the companies involved and that the conclusion of these investigations might, or might not, provide evidence of an intent to scam investors. I also said that I could only consider the information currently available to me and that I didn't think it was in the interest of fairness to delay reaching an outcome until an unspecified date in the future.

The information Mr H's professional representative doesn't add to or change my reasons for reaching the outcome that Santander hasn't done anything wrong here.

The only new information that has been sent to me is that the police have arrested, and bailed, three more people and that the investigation is still ongoing. But as explained in my provisional decision, an investigation itself doesn't automatically mean that fraud has occurred. And these investigations haven't yet drawn any definitive conclusions as to whether the companies, or their directors, have acted fraudulently. The new information doesn't suggest that the police have found any evidence to support a finding of fraudulent activity (or whether any such evidence might support a finding of APP scam). Arresting

further people doesn't provide any new material evidence that Mr H has been the victim of an APP scam.

As explained in my provisional decision, should new material evidence become available in the future, Mr H is entitled to ask Santander to reconsider a claim under the CRM Code. If needed, he could then refer any resulting complaint to the Financial Ombudsman Service.

I am very sorry for the situation Mr H has found himself in, and I recognise he has lost a lot of money. But for the same reasons I explained in my provisional decision, I do not find that Santander has done anything wrong in the circumstances of the complaint.

As such, I still think the conclusion I set out in my provisional decision is correct, and I don't think it would be fair and reasonable to hold Santander liable for Mr H's loss.

My final decision

For the reasons set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 19 February 2026.

Mike Southgate
Ombudsman