

The complaint

Mrs B complains that Santander UK Plc ('Santander') hasn't refunded the money she believes she lost to an authorised push payment ('APP') investment scam.

What happened

In December 2021, Mrs B entered into an investment agreement with a company which I'll refer to as 'Company G'. To fund the investment, Mrs B sent £40,321 to Company G from her Santander account, via three faster payments, which were all made on 19 December 2021.

On 19 March 2022, Mrs B received an expected return from Company G of £1,282.18. That same day, Mrs B invested a further £10,080 with Company G, via three faster payments, all made from her Santander account.

Between June 2022 and April 2024, Mrs B received eight further payments from Company G, totalling £19,283.07.

In May 2024, Mrs B made a final investment with Company G of £60,480, via four faster payments, all from her Santander account. Mrs B received no further returns and in September 2024 Company G entered into administration, leaving Mrs B with a loss of £90,315.75.

Mrs B was concerned that Company G had scammed her and so she complained to Santander and asked for her loss to be refunded. Santander considered Mrs B's claim but decided not to reimburse her. Santander considered the situation was a private civil dispute between Mrs B and Company G and not an APP scam, and it wasn't therefore responsible for Mrs B's loss.

Unhappy with Santander's response, Mrs B referred her complaint to this service. Our Investigator considered the complaint and recommended it be upheld. In summary they were satisfied that Mrs B had, more likely than not, been the victim of an APP scam and in those circumstances, Santander should refund her outstanding loss with interest.

Santander didn't agree with our Investigator. It said there was some evidence to suggest Company G was operating as a genuine business and it was premature to conclude that Company G intended to scam Mrs B when the payments were made, as there are ongoing investigations into Company G by the police and Company G's joint administrators.

As an 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.

I'm very aware that Company G is in administration and the joint administrators' investigation is ongoing, as is an active police investigation. There may be circumstances and cases where it's appropriate to wait for the outcome of external investigations. But that isn't necessarily so in every case, as it may be possible to reach conclusions on the main issues on the basis of evidence already available. And it may be that the investigations or proceedings aren't looking at quite the same issues or doing so in the most helpful way.

In order to determine Mrs B's complaint, I have to ask myself whether, on the balance of probabilities, the available evidence indicates that it's more likely than not that Mrs B was the victim of an APP scam rather than a failed investment. But I wouldn't proceed to that determination if I consider fairness to the parties demands that I delay doing so.

I'm aware that Mrs B first raised this situation with Santander in October 2024 and I need to bear in mind that this service exists for the purpose of resolving complaints quickly and with minimum formality. With that in mind, I don't think delaying giving Mrs B an answer for an unspecified length of time would be appropriate unless truly justified. And, as a general rule, I'd not be inclined to think it fair to the parties to a complaint to put off my decision unless, bearing in mind the evidence already available to me, a postponement is likely to help significantly when it comes to deciding the issues.

I'm also aware that the investigations by the joint administrators and police might result in some recoveries for Company G's investors – including Mrs B. In order to avoid the risk of double recovery, I think Santander would be able to take, if it wishes, an assignment of the rights to all future distributions to Mrs B under those processes in respect of these investments before paying anything I might award Mrs B on this complaint.

For the reasons I'll discuss further below, I don't think it's necessary to wait for the outcome of the external investigations for me to fairly reach a decision on whether Santander should reimburse Mrs B's loss.

At the time of Mrs B's payments to Company G, Santander was signed up to the Lending Standards Board's Contingent Reimbursement Model ('CRM') Code, which required firms to reimburse customers who'd been the victims of APP scams in all but a limited number of circumstances.

For the CRM Code to apply to Mrs B's circumstances, I need to be reasonably satisfied that it's more likely than not that her payments to Company G were made for a fraudulent purpose – i.e., Mrs B was the victim of an APP scam, and the funds were criminally obtained by Company G.

The relevant question I must ask in this case is whether Mrs B transferred funds to another person (or company as is the case here) for what she believed was a legitimate purpose, but which was in fact fraudulent. The threshold for establishing fraud is a high one and to fairly uphold Mrs B's complaint I need to be satisfied that it is more likely – and not just equally as likely – that she was the victim of fraud.

I accept there is evidence which demonstrates Company G did undertake some legitimate activities, including carrying out work similar to what Company G led Mrs B to believe her funds would be used towards. Company G's bank statements do indicate that it was making payments which appear consistent with the line of work it claimed to be engaged in. And, Mrs B did, for a time, receive some returns from Company G – as did other investors.

However, it's a key feature of sophisticated investment scams that business activity is seen to be taking place, along with investors receiving returns. This adds plausibility to the APP scam and increases the believability that the scheme is a genuine investment opportunity. It also reduces the detectability of the fraud and helps encourage investors to deposit funds and recommend the scheme to other investors.

An investment opportunity which has the appearance of being genuine does make investigations into such matters less straightforward. However, this doesn't prevent us from being able to reach a fair and reasonable conclusion as to whether it's more likely than not that something is an APP scam. Contrary to the legitimate activity taking place and returns being paid to investors (including Mrs B), there's convincing evidence to suggest Company G was, most likely, operating fraudulently and that Mrs B was induced into making the payments as part of an APP scam when she made her investments.

In our Investigator's view, they provided a very detailed explanation for why they felt Company G was most likely an APP scam when Mrs B invested. I don't intend to repeat what our Investigator said in similar detail. However, I've listed below what I consider to be the key pieces of information:

- Company G claimed to have an insurance policy in place that would provide protection for Mrs B's investments and evidence of this policy was provided to Mrs B. The insurance company has confirmed that no policy existed, and the document provided to Mrs B was fabricated;
- Company G raised investment capital far in excess of the value of its legitimate work. It 'borrowed' approximately £25 million against a contract worth less than £5 million in revenue; and
- Company G's directors have used a majority of investors' funds for personal reasons, including sending millions overseas with no apparent connection to legitimate business purposes.

Based on the evidence that's available, I don't think Company G intended to use Mrs B's funds for the same (or even broadly the same) purpose as Mrs B was led to believe. I'm satisfied it's more likely than not that Company G obtained Mrs B's funds through dishonest deception and as a result, Mrs B has, more likely than not, been the victim of an APP scam as defined by the CRM Code and her claim should be considered under the CRM Code's principles.

Under the CRM Code, there are exceptions to reimbursement. However, as Santander didn't think Mrs B had been scammed, it didn't assess whether any of those exceptions applied before declining Mrs B's claim. So, I've thought about whether any exceptions to reimbursement apply in these circumstances.

The CRM Code says Santander can refuse to reimburse Mrs B if she failed to take appropriate steps in response to an "*effective warning*", which is defined within the CRM Code. Santander hasn't specifically said that it provided Mrs B with an effective warning when the disputed payments were made, but it has said that warnings were provided for some of the payments, depending on the specific payment purpose Mrs B selected when making the relevant payments.

I've considered the warnings Santander says it gave Mrs B and have noted that these were brief, generic and not relevant to Mrs B's circumstances. As a result, I'm not satisfied Mrs B has ignored an "*effective warning*" as defined by the CRM Code. So, I'm satisfied this exception to reimbursement doesn't apply in Mrs B's circumstances.

Santander can also refuse reimbursement if it can demonstrate that Mrs B didn't have a reasonable basis for believing Company G was legitimate at the time the payments were made. So, I've thought about the circumstances leading up to Mrs B first investing with Company G in December 2021.

Prior to investing with Company G, Mrs B had worked with the brother of one of Company G's directors, which was how she was introduced to the investment opportunity offered by Company G. Mrs B was also aware that Company G had a local office and several employees.

The investment opportunity was explained to Mrs B when she met with Company G's directors at one of their homes. She was provided with evidence which said Company G had an exclusive contract with a national chain of hotels, along with other marketing material setting out Company G's projected growth.

Mrs B knew of two other investors who'd confirmed Company G was paying the promised returns. Mrs B also says that she was told her investment with Company G was backed by an insurance policy, which meant there was very little risk to her investment. Finally, Mrs B checked that Company G was registered with Companies House, which it was.

Based on her circumstances in December 2021, I think Mrs B had a reasonable basis for believing that Company G was genuine. Prior to investing further funds with Company G, Mrs B received returns, which added to the plausibility that Company G was operating legitimately. I'm not aware of any adverse information about Company G being publicly available when Mrs B made any of her investments and as a result, I'm persuaded Mrs B had a reasonable basis for belief when she invested further funds with Company G in March 2022 and May 2024.

I'm not persuaded any other exceptions to reimbursement apply in Mrs B's circumstances. As a result, I think Santander should now reimburse Mrs B's outstanding loss under the principles of the CRM Code.

Putting things right

To resolve the complaint, Santander should:

- refund Mrs B her outstanding loss of £90,315.75; and
- pay 8% simple interest per annum on the refund from 15 calendar days after the claim was made to Santander until the date of settlement.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 20 February 2026.

Liam Davies
Ombudsman