

The complaint

Mr and Mrs K complain that Santander UK Plc won't refund the money they lost as a result of an investment scam. Mr and Mrs K are represented in this complaint, but I'll refer to them as it's their complaint.

What happened

The detailed background to this complaint is well known to both parties.

Mr K met Person X (the scammer) on-line and, in October 2024 they struck up a friendship and started to communicate most days.

X told Mr K about her crypto / trading success and, although he wasn't initially interested, she influenced him to start investing in a crypto trading platform that they and / or other scammers controlled.

After X said Mr K could earn 15% on his investment in three days, he made some initial investments with a (fake) overseas Company C. X helped him set up a fake account. Also, accounts with authentic crypto exchange companies (Company K and Company M) so he could transfer money.

Mr K could see he was making a high profit (approximately 50%) and because of this and his trust in X he started investing more money.

In December 2024, Mr K wanted to withdraw his money, and he found out that he needed to pay release fees to receive his supposed profits.

Mr K made the following eight payments to the scammers via his Santander banking app:

Payment Number	Date	Payment Method	Payee	Amount
1	27/11/24	Direct Debit	Mr K's account with Company P (to then send to Company K)	£1,000
2	28/11/24	Bill Payment	Mr K's account with Company M	£50
3	04/12/24	Bill Payment	Mr K's account with Company M	£2,000
4	04/12/24	Bill Payment	Mr K's account with Company M	£900
5	24/12/24	Bill Payment	Mr K's account with Company M	£850
6	22/01/25	Bill Payment	Mr K's account with Company M	£4,000
7	27/01/25	Bill Payment	Mr K's account with Company M	£3,500
8	27/01/25	Bill Payment	Mr K's account with Company M	£100
Total				£11,400

Mr K thought it was a scam when he couldn't withdraw funds and although he confronted X she convinced him to make further payments. When he still couldn't access his money, he realised it was definitely a scam and X was a scammer.

Mr and Mrs K complained to Santander seeking a refund of their loss as, due to the new accounts and large crypto payments, they consider that they should've detected suspicious activity, given warnings and performed further checks.

However, Santander rejected their claim. They said they weren't the point of the loss and it didn't fit into the definition that is appropriate to be reviewed under the Contingent Reimbursement Model or the new Payment Systems Regulations.

Mr and Mrs K escalated their complaint to our service. However, our investigator considered Santander's automated warning to have been proportionate and effective and thought Mr K would've given the same incorrect answers on further automated interventions.

As Mr and Mrs K disagree, this complaint has been passed to me to look at.

I issued a provisional decision on 21 January 2026, and this is what I said:

I've considered the relevant information about this complaint.

My provisional decision is different to the outcome of that reached by our investigator. So, I'd like to give both parties an opportunity to respond.

The deadline for both parties to provide any further comments or evidence for me to consider is 3 February 2026. Unless the information changes my mind, my final decision is likely to be along the following lines.

If Santander UK Plc accepts my provisional decision, it should let me know. If Mrs K and Mr K also accepts, I may arrange for the complaint to be closed as resolved at this stage without a final decision.

What I've provisionally 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.

Having done so, my decision is different to that of our investigator and I'm partially upholding this complaint. And I'll explain why.

I should first say that:

- I'm very sorry to hear that Mr K has been the victim of this cruel scam and that Mr and Mrs K have lost a significant amount of money here.*
- Although I've read and considered everything Mr and Mrs K and Santander have said, I won't be responding to every point individually. If I don't comment on any specific point, it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.*
- In making my findings, I must consider the evidence that is available to me and use it to decide what I consider is more likely than not to have happened, on balance of probabilities.*
- I'm satisfied that the APP Scam Reimbursement Rules, introduced by the Payment Systems Regulator in October 2024, for customers who have fallen victim to an APP scam, don't apply here. This is because the payments went to another account under Mr K's control.*

- *I don't think it would've been reasonable to have expected Santander to recover the funds considering they were made through another account and sent to a crypto account that would've been immediately emptied.*
- *The Payment Services Regulations 2017 (PSR) and FCA's Consumer Duty are relevant here.*

PSR

Under the PSR and in accordance with general banking terms and conditions, banks should execute an authorised payment instruction without undue delay. The starting position is that liability for an authorised payment rests with the payer, even where they are duped into making that payment. There's no dispute that Mr K made the payments here, so they are considered authorised.

However, in accordance with the law, regulations and good industry practice, a bank should be on the look-out for and protect its customers against the risk of fraud and scams so far as is reasonably possible. If it fails to act on information which ought reasonably to alert a prudent banker to potential fraud or financial crime, it might be liable for losses incurred by its customer as a result.

Banks do have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm, against the risk of unnecessarily inconveniencing or delaying legitimate transactions. So, I consider Santander should fairly and reasonably:

- *Have been monitoring accounts and any payments made or received to counter various risks such as anti-money laundering and preventing fraud and scams.*
- *Have systems in place to look for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.*
- *In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.*

Consumer Duty

Also, from July 2023 Santander had to comply with the Financial Conduct Authority's Consumer Duty which required financial services firms to act to deliver good outcomes for their customers. Whilst the Consumer Duty does not mean that customers will always be protected from bad outcomes, Santander was required to act to avoid foreseeable harm by, for example, operating adequate systems to detect and prevent fraud. Santander was also required to look out for signs of vulnerability.

With the above in mind, I first:

Looked at each of the eight payments to consider whether Santander should've recognised Mr and Mrs K were at risk of financial harm and put in place proportionate interventions.

Payment 1

Payment 1 for £1,000 was a payment to legitimate crypto Company K but via legitimate Company P for which Mr K had a direct debit in place and he'd previously made payments to. So, this payment wouldn't have looked unusual to Santander,

and I don't think there was a reason for them to be suspicious and put an intervention in place to mitigate the risk of financial harm.

Payment 2

Payment 2 was for a very low amount of £50 to legitimate crypto Company C. Santander's fraud prevention system did recognise a risk here, as this payment appears to have been the first payment for crypto that presents a high risk to their customers, and they implemented their fraud prevention system, which I cover below.

Payment 3,4 and 5

These were for £2,000 (3), £900 (4) and £850 (5). Although I recognise these were high payments for Mr and Mrs K, as they'd made payments up to the value of the highest of these, I don't think these would've looked unusual.

Also, crypto payments are both legal and common and Santander process thousands of payments each day and, as mentioned above, they have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm. In addition, I don't think the amounts were particularly high or that there was an obvious scam pattern. Furthermore, while they were going to a crypto company, which meant they had an elevated risk, Santander had already (on payment 2) issued relevant warnings to protect Mr K from fraud and scams.

So, having considered these three payments, I wouldn't have expected them to have warranted a further intervention.

Payment 6

This payment was for £4,000 and, as this would've stood out as a high amount for Mr and Mrs K and was for crypto that is high risk, I would've expected Santander to have identified a risk to mitigate.

Also, the day before this payment Mr and Mrs K appear to have credited their account with a £20,000 pension payment which made their account balance unusually high. And as Santander would've known that customers investing in crypto could lose all their money, scams involve crypto, and scammers pressurise customers to transfer money from savings, I think they should've put in place a human intervention at this point – where a fraud and scam agent could probe to provide education, bringing crypto investment scams to life, give warnings and detect any potential scam.

However, I can't see that Santander did this analysis, considered questioning this payment or have provided sufficient evidence to persuade me they intervened or that it wasn't proportionate for them to intervene

Payment 7

This was also higher than Mr and Mrs K would normal spend and meant that in the space of six days they were paying £7,500 for high risk crypto. So, considering this and my above comments about the large pension credit, I think this payment should've also warranted a human intervention which I can't see occurred.

Payment 8 was for another low amount, and I wouldn't have expected any intervention.

So, in summary, having looked at the eight payments, I think that, in addition to the dynamic automated intervention at payment 2, Santander should've put stronger human interventions in place before releasing payment 6 and 7.

Before considering what, on balance of probabilities, would've occurred if Santander had put in place human intervention, I first looked at:

Santander's automated intervention at payment 2 and Mr K's dialogue with the scammer to understand why it wasn't effective

Santander's automated fraud prevention system required Mr K to answer a series of questions about the payment and based on these answers it gave educational information together with fraud and scam warnings. Also, it prompted him to make necessary checks, asked him to confirm he considered all the information provided and that he understood he'd likely lose his money if it was a scam.

I found that Mr K did select the correct payment reason, but he incorrectly entered that the investment was in the UK. This meant Santander weren't alerted to a higher risk factor and he didn't get the right risk mitigation. Instead, he was prompted to complete specific checks for a UK investment and to confirm that he had done so.

I consider the automated questions, education and warnings to have been very strong, so I don't think Santander are responsible for releasing this or subsequent payments 3,4 and 5.

It isn't possible to know why Mr K gave an incorrect answer which reduced the risk factors and probably (because overseas investments are much riskier) prevented him being put through to a fraud and scam agent. However, it was a very low payment and, from reviewing his dialogue with X, I can't see that he was guided to circumvent bank checks or coached on how to answer questions. Also, when he commented on the time it took to complete the check and X was critical of banks, Mr K disagreed and recognised the importance of their checks saying:

- 'You can lose a fortune just as easily, I think that's what they are guarding against'.

Mr K's responses to Santander's fraud prevention system prevented them from protecting him and meant they didn't intervene on subsequent payments (3, 4 and 5). However, I don't think an inference can be drawn that he deliberately gave untruthful answers here and would've been dishonest on human interventions.

I then considered:

What would more likely than not have happened if Santander put in place human interventions at payment 6 and / or 7

out Mr K's dialogue with the scammer shows that although he was still trusting X at the point of payment 6, he was becoming frustrated and increasingly nervous at not being able to withdraw the profit that he thought he'd earned. This was because he was required to pay release fees, had run out of money, Mrs K had recently found out about the drain on their joint account and the investment, and she appeared to be concerned, asking questions and helping him financially.

I think it unlikely that Mrs K would've got to know about an intervention, as her lack of awareness of previous payments suggests she wasn't receiving automatic notifications about the transactions Mr K was making. As it was a joint account, where either party could access the funds, I don't think Santander did anything wrong in not sharing Mr K's activity with Mrs K who could check the balance and see statements.

It's difficult to know how Mr K would've responded to probing questions about the investment payments. But as he understood bank measures were there to protect him, wasn't coached, thought the investment company was legitimate and had obviously been paying a crypto exchange, I think it more likely than not he would've answered an agent's probing questions honestly and would've explained that a friend was advising him. Also, told the agent about overseas Company C, the payments he was making and the gains he thought he'd made.

I think it likely that an agent would've immediately become suspicious about X and Company C and probed to find out how he knew X and what due diligence he'd performed on her and Company C.

An agent would've then likely brought to life investment scams giving examples of how they work and Mr K would've become aware of red flags, that applied to him and his investment, such as his introduction to X who then introduced Company C, gains that are too good to be true, his inability to withdraw, his lack of control, odd and unexpected release fees and Company C's lack of paperwork and presence on the internet.

Although I can't be certain, I think a strong human intervention and a combination of probing questions and effective education followed by strong warnings would've identified clear red flags and would've probably stopped Mr K from making any further payments. But, if instead, he wanted to think about it and indicated that he wanted to question X and Company C and do some research, which would've presented a risk of him making further payments, I think a suspicious agent would've told Mr K it was highly likely he was being scammed and then immediately blocked further payments to Company C and restricted his joint account. And with a communication then going to Mrs K (about a suspected scam and restrictions), who wasn't influenced by the scammer and would've likely sought further information, I think the likelihood of them subsequently transferring money out to continue paying would've been low.

So, if Santander had put in place an effective intervention at this point, I think Mr and Mrs K's loss would've more likely than not have been prevented.

So, having established that a human intervention at payment 6 would've more likely than not uncovered the scam and prevented any further loss, I then looked at:

Contributory negligence

There's a general principle that consumers must take responsibility for their decisions. Although I recognise how clever this cruel scammer was and in no way blame Mr K for being scammed, I think he should've been more diligent before making the payments. I say this because Mr K:

- Hadn't known X for long and followed her advice without completing any due diligence.*
- Didn't request paperwork from Company C and then complete research into them.*
- Disregarded Santander's strong and relevant warnings.*
- Should've seen the high returns as too good to be true.*

Putting things right

Having considered all the above, I think both the business and customer are equally at fault here. Santander should've done more and put in place an intervention at payment 6, which would've likely stopped the scam payments, and Mr K should've been more diligent. So, I think it is only fair and reasonable for liability to be shared for payments 6 to 8.

So, my decision is to partially uphold this complaint, and I require Santander to:

- Provide Mr and Mrs K with a refund of 50% of their loss from payment 6 which is £3,800.*
- Pay 8% simple interest on payments 6 to 8 from date of loss to the date of*

settlement.

My provisional decision

For the reasons mentioned above, my provisional decision is to partially uphold this complaint against Santander UK Plc, and my requirements are detailed in the above putting things right section.

This is subject to any comments that either Santander UK Plc or Mr and Mrs K may wish to make.

These must be received by 3 February 2026.

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.

Further to my above provisional decision, with a deadline of 3 February 2026, I only received a reply from Mr and Mrs K who confirmed their acceptance.

So, as no further arguments or evidence have been produced in response to my provisional decision, my view remains the same. I therefore adopt my provisional decision and reasons as my final decision.

Putting things right

To put things right I require Santander UK Plc to:

- Provide Mr and Mrs K with a refund of 50% of their loss, from payment 6, which is £3,800.
- Pay 8% simple interest on payments 6 to 8 from date of loss to the date of settlement.

My final decision

For the reasons mentioned above, my final decision is to partially uphold this complaint against Santander UK Plc, and my requirements are detailed in the 'Putting things Right' section of this final decision paper.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K and Mr K to accept or reject my decision before 4 March 2026.

Paul Douglas
Ombudsman