

## The complaint

Mr N complains that Santander UK Plc won't refund the money he lost as a result of an investment scam. Mr N is represented in this complaint, but I'll refer to him as it's his complaint.

## What happened

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

In and around February 2025, Mr N was looking for an investment opportunity and registered an interest in a scam Company C's social media advert. A representative (a scammer), who sounded knowledgeable, then contacted him on his messaging app.

Mr N already had some crypto trading experience and he was further attracted by the investment opportunity as the representative pretended to offer the support of a well-known trading analyst (Person P) who was actually a scammer.

Mr N was led to believe he could make significant and quick returns on the money he invested, potentially receiving as much as £50,000 within two weeks. He was added to a social media group where he met other supposed investors who further encouraged him to invest and made him think Company C was legitimate.

Mr N transferred money to Company C by moving funds from his Santander account to his accounts with two crypto exchange companies – Firms P and Firm C. And he transferred £12,300 through the following payments:

Payment Number	Date	Payment Type	Payee	Amount
1	4/2/25	Faster payment	Mr N's account with Firm P	£1,500
2	6/2/25	Faster payment	Mr N's account with Firm P	£2,500
3	16/2/25	Card	Mr N's account with Firm C	£2,500
4	21/2/25	Card	Mr N's account with Firm C	£300
5	26/2/25	Card	Mr N's account with Firm C	£1,500
6	28/2/25	Card	Mr N's account with Firm C	£4,000

Mr N realised he'd been scammed when he couldn't withdraw without making further payments and the scammers gave a contradictory explanation.

Mr N contacted Santander to claim a refund, as he was vulnerable at the time of the scam (due to a bereavement) and he considered that Santander should've done more to protect him from financial harm. But Santander rejected his claim as the payments were made by card and to other financial firms.

Mr N escalated his complaint to our service. Our investigator thought Santander should've intervened at the point of the largest payment (payment 6) and that implementation of their dynamic automated fraud prevention system would've likely stopped him making further

payments. As she also thought that Mr N could've done more to protect himself, she said that Santander should provide Mr N with a refund of £1,996.80 (49.92% rather than 50% of payment 6 due to a very small credit he received).

Mr N agreed but Santander didn't. Santander's points of disagreement included the following:

- I. Firm C had a duty of care to Mr N given the loss was from his account with them.
- II. Firm C have regulatory approval as a cryptocurrency business, and they expect them to be accountable for any losses.
- III. They haven't had sight of the loss from the Firm C account.
- IV. Payment 6 for £4,000 was not unusual. At this point, Mr N had been regularly making card payments to Firm C and Firm P for almost a month. *'Therefore, it was also not an unusual destination. The payment was also made in the same way as the previous payments. We do not feel the regularity and volume of payments changed dramatically when the £4,000 payment was made. The payment did not register as unusual for the account for these reasons. It was also clear Mr N was willingly making the payments in question. There was no reason for Santander to intervene at this particular point'*.
- V. They can't predict how a detection conversation\* would've gone as the questions asked would be proportionate to the situation and the responses received from the customer. A conversation would've determined the funds were going to his own account that he has access to and had used before (including prior to this scam). Firm C are also not a scam company. It is also very common for scammers to tell victims what to say to their bank to ensure payments go through, therefore it is unfair to suggest a conversation would've uncovered the scam.  
  
\*The reference to a 'conversation' in above point V is due to a typographical error in our investigator's view when she meant to refer to better automated warnings rather than a human intervention.
- VI. They aren't the police and their primary duty is to execute a customer's payment orders promptly in accordance with their instructions.
- VII. *'Mr N carried out no due diligence on where the funds were being moved onto. He received no paperwork, contracts, invoices or bills from the person he was dealing with. His communication with them was over a messaging app and there are clear warnings online. Therefore, this was a risk Mr N was willing to take with his money'*.

Due to Santander disagreeing, this complaint has been passed to me to look at.

### **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.

Having done so, my decision is broadly the same as our investigator's and I'm partially upholding this complaint. I'll explain why.

I should first say that:

- I'm very sorry to hear that Mr N has been the victim of this cruel scam and that he's lost a significant amount of money here.
- Having reviewed Mr N's submission, including his dialogue with the scammer, payment images and crypto statements, I'm satisfied that the payments in the above table went to

the scammers.

- Although I've read and considered everything Mr N 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 were by card and went to another account under Mr N'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. Also, chargebacks wouldn't have been possible as the services were provided by the crypto firms.
- 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 N made the payments here, so they are considered authorised.

However, in accordance with the law, regulations and good industry practice including the Consumer Duty, 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. Whilst I'm very sorry to hear of Mr N's sad family bereavement and can understand him saying this made him more susceptible to the scam, I can't see that Santander were made aware of this and there was any discussion with them about the risks and mitigation requests.

With the above in mind, I first:

*Looked at payments 1 to 5 to consider whether Santander should've recognised Mr N was at risk of financial harm and put in place proportionate interventions.*

These first five payments, totalling £8,300, ranged from £300 to £2,500 and were spaced out over a three-week period and when considering the following, I wouldn't have expected Santander to have implemented their dynamic fraud prevention system:

- Crypto payments are both legal and common and Santander process thousands of payments each day.
- As mentioned above, Santander have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm.
- The amounts weren't particularly high and there wasn't an obvious scam pattern.
- Mr N had previously and very recently made payments for crypto and to Firm C. In a 10-week period and between 15 November 2024 and 24 January 2025, he made the following eight payments totalling £6,550:

- A. 15/11/24 £1,900
- B. 10/12/24 £1,000
- C. 1/1/25 £200
- D. 15/1/25 £300
- E. 15/1/25 £300
- F. 18/1/25 £500
- G. 19/1/25 £2,000
- H. 24/1/25 £350

I then:

*Looked at payment 6 (£4,000) to consider whether Santander should've recognised Mr N was at risk of financial harm and put in place a proportionate intervention.*

My above analysis of the payments Mr N made to Firm C showed that his largest payment to them was £2,000 – see above listed payment G. Although Mr N made one much larger payment (for £12,500) to an investment management company, which would've likely have been subject to a Santander intervention, I noted that this wasn't for crypto. So, regarding crypto payments that Santander would've been aware of, Mr N's previous highest payment was the above payment G for £2,000.

Payment 6 was double this amount. Also, it brought his crypto spending to £5,500 in three days and £12,300 in just over three weeks which was higher than the above higher volume of payments A to G (totalling £6,550) that he paid in a 10-week period.

So, I'm not persuaded by Santander's argument that it wasn't a dramatic change in regularity and volume. And considering their above mentioned PSR responsibility and knowledge that customers investing in crypto could lose all their money and scams often involve crypto, I think Santander should've put in place an intervention.

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.

If a bank doesn't question payments that might be at risk then it can't fulfil its duty to protect customers. I'm not saying that means it must check every payment out of its customers' accounts. But here, considering the individual circumstances of this case, I believe it ought to have put in place an intervention to check Mr N wasn't at risk of falling victim to fraud.

I then considered:

*What type of intervention Santander should've put in place at payment 6 and whether this would've been effective and a failure to implement it caused Mr N's loss.*

Considering what Santander knew about Mr N's payment history, including crypto, and the elevated risks of crypto payments, I'm in agreement with our investigator that a proportionate intervention would've been implementation of a better warning through their dynamic fraud prevention warning system which, if implemented, would've asked a series of questions and given strong warnings once it had established the payment reason.

The questions would've included whether the payment was for crypto or investment and, if 'investment' was selected, asked important questions about the type of investment and whether or not it was in the UK. It would then give relevant warnings and highlight the importance of an FCA check and using their checking tool. And, importantly, Company C wasn't FCA registered so the FCA would've given warnings about the risks and scammer tactics (such as pressure to invest, promises of high returns) and recommended not to proceed.

I can't see that Mr N received this type of better warning. Although Santander understandably raise a question about possible coaching and persuasion tactics, which is frequently used by scammers to ensure victims don't see or disregard strong warnings, I think it more likely than not that this doesn't apply here. I say this having reviewed the dialogue between Mr N and the scammers.

So, on balance, if Mr N had received the above type of better warning I think it more likely than not that he would've answered the questions honestly, taken note of the strong warnings, conducted more research, noticed a number of warnings signs, seen concerning comments on the internet and not proceeded with payment 6. Also, I noted that when Mr N did notice an inconsistency when trying to withdraw and then didn't make any further payments.

Regarding Santander's comment about them not being the police, which might be due to them thinking our investigator was referring to a human intervention rather than an automated warning, I must point out their above-mentioned monitoring and detection responsibilities.

Regarding Santander's comments about Firm C's responsibilities and not seeing evidence of the loss, I can only consider complaints made to our service, and make requirements, about regulated firms. And, having reviewed Mr N's submissions, I'm satisfied the above listed payments went to the scammer and he hasn't received any other refund.

So, having established that an automated 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 N for being scammed, I think he should've been more diligent before making the payments. I noted that our investigator made this point and highlighted checks Mr N should've done. So, as Mr N

accepted her view and has suffered much distress due to this cruel scam, I won't repeat what has already been said on this matter.

### **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 payment, and Mr N should've been more diligent. So, I think it is only fair and reasonable for liability to be shared for payment 6.

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

- Provide Mr N with a refund of 50% of the loss - for payment 6 - which as mentioned above, because of a small credit, is £1,996.80.
- Pay 8% simple interest this amount from the date of loss to the date of settlement.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 1 April 2026.

Paul Douglas  
**Ombudsman**