

The complaint

Mr S complains that Santander UK Plc won't refund the money he lost as a result of an investment scam.

What happened

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

After completing some due diligence, which included checks with Companies House and the Financial Conduct Authority (FCA), Mr S decided to make an investment with Company C.

He made the following two faster payments to Company C from his Santander account:

- £1,000 on 23 November 2016
- £1,000 on 10 May 2017

Mr S discovered he had been scammed in mid-2023 when he saw details of the FCA investigation into Company C.

In 2026, he made a complaint to Santander claiming a refund of his financial loss including interest. This is because he holds them responsible for failing to take any adequate steps when he made the two payments. He believes they should've informed him of the associated risks and prevented him from being scammed.

Santander rejected his claim and said there were no reimbursement opportunities that could be considered and strongly recommended he contact the FCA for *'any compensation linked to your investment as there are noted circumstances in which they have provided compensation offers to investors'*. Santander did though recognise a complaint processing error and paid Mr S £50 compensation.

Mr S considered Santander's response to be unreasonable and he brought his complaint, about his financial loss, to our service. However, our investigator said she wouldn't have expected Santander to have intervened. Also, she didn't think they would've had reason to prevent him from making the payments.

When asking for an Ombudsman to make a final decision Mr S's points included the following:

- *'The payments were out of character and not in line with the normal usage of the account at the times. There had been few if any external payments other than to myself'.*
- *'Further, the amounts were paid along with some other high and unusual payments and taken as a whole Santander should have queried the transactions. They did not query or intervene in any of them'.*
- *'Whether Company C was on the FCA register is irrelevant for Santander. As a business it still had a duty to protect me from fraud and it should have intervened and drew my attention to the risks of such investments. Whether the amounts are small is irrelevant as that is the key trigger. The trigger would be payments that are unusual irrespective of value'.*

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.

Although I've read and considered everything Mr S 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.

Having done so, I'm not upholding the complaint, for the same reasons given by our investigator. I appreciate that will come as a disappointment to Mr S, who has lost a lot of money to what appears to have been a business established to defraud him and other investors, and I genuinely empathise with his situation. But I can't fairly say Santander should be held responsible for his financial loss. That's because I don't consider the bank would reasonably have been expected to intervene on either payment and, even if they had, I'm not persuaded they would've been able to uncover that the investment was fraudulent and prevented the two payments. I've explained why below.

Although there isn't any dispute that the payments weren't authorised, it's worth noting that the disputed transactions in this case unfortunately pre-date the introduction of the Contingent Reimbursement Model (CRM) in 2019, a voluntary scheme, where the signatory banks would refund scam payments in certain scenarios.

I did though take into account the regulator's rules and guidance; relevant codes of practice, along with what I consider having been good industry practice in 2016 and 2017, which was prior to increasing expectations on banks resulting in additional guidance. That means I consider Santander should fairly and reasonably have been on the lookout for the possibility of fraud at the time, and intervened if there were clear indications its customer might be at risk.

Santander has a difficult balance to strike in how it configures its systems to detect unusual activity indicative of a higher risk of fraud. There are millions of payments made each day, so it would not be possible or reasonable to expect Santander (or any business) to check each one. In situations where Santander does decide to carry out further checks, I would expect that intervention to be proportionate to the circumstances of the payment. And when looking at payment values, I wouldn't expect them to analyse payees.

I considered whether the two disputed transactions ought to have looked concerning enough to have prompted fraud checks. Having looked at the payments I don't think they looked concerning enough to indicate that Mr S was at risk of financial harm and to require an intervention by a fraud and scam agent. This is because:

- Banks have to carefully weigh up when to intervene as, in addition to their responsibility to protect their customers from fraud and scams, they have a responsibility not to delay legitimate transactions and cause unnecessary inconvenience.
- As mentioned above, banks process millions of payments, and I don't think it would be reasonable to expect them to intervene on them all.
- When considering a risk-based approach to intervention:
 - In the context of general banking, I don't consider £1,000 to be a high amount.
 - Santander's account activity data, prior to payment 1, is incomplete due to the passage of time. As information is incomplete, when considering Mr S's account activity from January 2017 (four months before payment 2) and up to 2018, I noted that he frequently made payments in excess of £1,000. So, I don't think either payment would've stood out as being unusual or out of character.

- The payments were isolated and had a gap of approximately six months. So, there was no obvious fraud or scam pattern. And the payments were to a regulated bank that would've undertaken a level of due diligence.

So, I don't think it's reasonable for me to consider that the payments should've been stopped and questioned by Santander.

However, even if I were to accept Mr S's argument that interventions should've occurred, I don't think Santander could've been expected to stop them. I say this because a fraud and scam agent would've asked Mr S what due diligence he'd completed and whether the investment company was listed with Companies House and approved by the FCA, which Mr S would've confirmed and an agent could've checked. I appreciate the FCA made errors here, as they have confirmed:

- *'They failed to maintain accurate information on the Financial Services(FS) Register.*
- *'They failed to alert investors that the firm was not authorised or regulated after becoming aware of the misinformation on the Register (or a failure to act sooner after becoming aware of the issues).'*
- *'We found that opportunities were missed to identify the changes made by Company C to the IP Register before 23 November 2017. And 'once the FCA had knowledge of these changes, it was too slow to act to correct the IP Register'.*

However, whilst I can fully understand Mr S's frustration and his dissatisfaction over compensation payments, at the point of the payments neither Mr S nor Santander would've been aware of the issues with the FCA register. So, I'm not persuaded that at the point of either payment they could've prevented Mr S from investing in Company C.

Also, there is no evidence that Santander were aware of any vulnerabilities so they could discuss potential banking risks and mitigation. And it isn't the role of Santander to give investment advice on products that are not their own or make investment recommendations.

So, although I'm genuinely very sorry to hear about Mr S's financial loss, I don't hold Santander liable to refund any money. And I can't see that they have made any errors requiring them to pay compensation.

Regarding recovery, due to the publicly available information including Company C's liquidation and the confiscation order, I wouldn't have expected them to be able to recover his funds. And I don't think it was unreasonable for Santander to direct Mr S to the FCA to enquire about compensation due to their public statements which included compensation.

Finally, I considered Santander's service error and whether £50 was sufficient compensation for their delay in logging Mr S's claim. Whilst I understand this added to Mr S's frustration, when considering the historic nature of his complaint and our publicly available guidance on payments for distress and inconvenience, I don't consider the amount Santander paid to have been unreasonable.

Whilst I recognise the impact this fraud will have had on Mr S and I'm sorry to disappoint him, I can't fairly say that Santander ought to have prevented his loss here.

My final decision

For the reasons mentioned above, my final decision is not to uphold this complaint against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 15 May 2026.

Paul Douglas
Ombudsman