

The complaint

Miss P complains that Santander UK Plc hasn't refunded the money she's lost to a scam.

What's happened?

Miss P saw that a company I'll refer to as 'C' was advertising a car for sale on social media. After exchanging some messages with the seller, she paid just over 50% of the price of the car by way of a deposit. The seller agreed to deliver the car to her before collecting the balance.

Miss P says she had no reason to doubt that the seller was genuine when she paid the deposit. But when the car wasn't delivered as agreed, and the seller asked her to pay more money, she realised she'd been scammed. She reported the fraud to Santander on 22 February 2023.

Santander contacted the receiving bank to try to recover Miss P's money, but no funds remained in the beneficiary account. And Santander declined to reimburse Miss P under the Lending Standards Board's Contingent Reimbursement Model ('CRM Code').

Miss P asked this Service to consider a case against Santander. Our investigator looked into things and didn't think that Santander had done anything wrong in this instance. Miss P asked for an ombudsman's final decision, so the case 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.

Santander is a signatory of the CRM Code, which requires firms to reimburse customers who have been the victims of Authorised Push Payment ('APP') scams, like the one Miss P has fallen victim to, in all but a limited number of circumstances. Santander has argued that one of the exceptions applies in this case. It says that Miss P made the payment without a reasonable basis for belief that the payee was the person she was expecting to pay, the payment was for genuine goods or services and/or the business or person she was transacting with was legitimate.

In thinking about whether Miss P had a reasonable basis for belief, I've considered what steps she took to reassure herself about the legitimacy of the transaction, and whether it was reasonable for her to proceed with the payment.

The car was too far away from Miss P for her to view it before purchasing, so I think she ought to have been on guard before handing any money over. And I can see from the messages she exchanged with the seller that she was. She said she was sceptical and asked:

- whether C had an official website (it didn't).

- whether she could pay via a more secure method of payment than faster payment.
- how she could be sure the sale was genuine.

But ultimately, she went ahead and paid around 50% of the purchase price via faster payment, despite her reservations and seemingly without carrying out any substantial checks on the seller or vehicle. It appears that Miss P did not, for example:

- run a HPI check on the vehicle.
- ask to see paperwork which proved C's ownership of the vehicle.
- check the vehicle servicing information.
- question the legitimacy of a business that did not have an official website, a presence on the internet or on Companies House, or a longstanding social media presence with customer reviews.

It's difficult to understand why Miss P didn't take such steps as it seems that she appreciated there was a risk here. Overall, I don't think I can reasonably conclude that she had a reasonable basis for belief on this occasion. I'm not satisfied that it was reasonable for Miss P to pay a high deposit without taking steps to protect herself from financial harm. So, I'm not persuaded that Santander should have reimbursed Miss P's loss because of any obligation under the CRM Code.

Considering the nature and value of the payment Miss P made against her usual account activity, I wouldn't have expected the bank to have identified an APP scam risk. So, I'm not persuaded that Santander ought to have taken any action to prevent the scam. And I've seen that the bank took reasonable steps to recover Miss P's funds when she raised a fraud claim with it, but no funds remained in the beneficiary account to recover.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 26 July 2024.

Kyley Hanson
Ombudsman