

The complaint

Mr H complains about Santander UK Plc.

He says that Santander didn't do enough to protect him when he became the victim of a scam and would like it to refund him the money he has lost as a result.

What happened

In about April 2023, Mr H came across an advert on social media regarding investing. Mr H had never made an investment before but thought that this could be an opportunity to boost his inheritance and increase his funds for later in life. The advert was seemingly endorsed by a well-known British celebrity known for being an expert in financial matters, which bolstered Mr H's belief in the supposed opportunity.

Mr H submitted his details and was then contacted by an individual who told him they could help him with the investment and was provided with some information. He looked up the company online, and as he didn't find any negative information decided to proceed. He was then assigned an account manager and began making payments which I have listed below.

Payment	Date	Payment (all faster payments)	Amount
1	12/04/2023	HR	£2,000 (refunded)
2	14/04/2023	HR	£2,000 (refunded)
3	21/04/2023	HR	£5,000 (refunded)
4	22/04/2023	ER	£3,000 (refunded)
5	23/05/2023	BD	£5,500
6	23/05/2023	BD	£4,500
7	24/05/2023	BD	£5,500
8	24/05/2023	BD	£4,500
9	25/05/2023	BD	£10,000
10	26/05/2023	BD	£10,500
11	15/06/2023	BD	£10,000
12	16/06/2023	BD	£7,000
13	26/06/2023	RP	£15,000
14	29/06/2023	RP	£7,000
15	29/06/2023	RP	£3,000
16	30/06/2023	JF	£6,000
17	15/07/2023	RP	£7,000
18	15/07/2023	RP	£8,200
19	15/07/2023	RP	£6,800
20	17/07/2023	LP	£10,000 (£9,000 refunded)
		Total remaining loss	£111,500

Once his supposed investment had reached a significant sum, Mr H attempted to make a withdrawal, but was told he needed to pay more money in fees and charges, but even when Mr H paid these, he couldn't access his money, and realised he had been scammed.

He made a complaint to Santander about what had happened. Santander refunded him payments one to four, and £9,000 of payment twenty (which was what remained in the account when Mr H reported the scam) but declined to refund him payments five to nineteen.

Unhappy with the outcome, Mr H made a complaint to this Service.

Our Investigator looked into things and thought that Santander should refund 50% of payments thirteen to nineteen, and 50% of the remaining loss of payment twenty, but nothing of payments five to twelve. They said that Mr H had prevented Santander from giving him an effective warning for payments five to twelve – but that Santander should have made a further intervention from payment thirteen.

Mr H accepted the Investigators outcome, but Santander did not. It said that as Mr H wasn't honest about what he was doing, it wouldn't have been possible for it to have given him an effective warning, and that no amount of questioning would have deterred Mr H from making the payments.

As no informal resolution could be reached, the complaint has been passed to me to make a final decision.

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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

The starting point for my considerations is that, under the Payment Services Regulations 2017 and the terms of her account, Mr H is liable for transactions he has carried out himself. But Santander is a signatory to the Lending Standards Board Contingent Reimbursement Model CRM Code (CRM Code), and also have a longstanding obligation to be on the lookout for unusual and out of character transactions which might indicate their customer is at risk of financial harm from fraud.

There is no dispute here that Mr H was tricked into making the payment. The CRM Code requires firms to reimburse customers who have been the victims of Authorised Push Payment (APP) scams like this, in all but a limited number of circumstances which I have set out below:

- The customer made payments without having a reasonable basis for believing that: the payee was the person the Customer was expecting to pay; the payment was for genuine goods or services; and/or the person or business with whom they transacted was legitimate.
- The customer has acted dishonestly or obstructively in a material respect – in this instance Santander says that Mr H prevented it from providing him with an effective warning.

There are other exceptions that do not apply to this case.

It is for Santander to establish that it can rely on one of the exceptions to reimbursement set out under the CRM code.

Did Mr H have a reasonable basis for belief?

Having considered all the evidence available, I don't find that Mr H had a reasonable basis for belief that the company he thought he was investing in was legitimate. The opportunity was found on social media, and communication was through an app – and I would not expect a legitimate investment to be arranged or conducted in this way. I have also seen no persuasive paperwork that Mr H was provided with by the scammer to suggest that the investment was genuine.

I also think that Mr H should have done more research into what he was doing – while he has said that he conducted research online about the supposed company and found no negative reviews or warnings at the time, I don't think he looked into what he was doing closely enough. Had he taken the time to check about the celebrity endorsement, he would have seen that this celebrity has themselves issued a number of warnings about scams like this on their own website.

Mr H was also instructed to make multiple payments to different individuals, and not to a business account. He was also told to mislead the bank about the purpose of the payments. If the payments were legitimate, there would be no reason for him to do so.

I can also see that on several occasions Mr H questioned what was happening with the scammer, and was clearly having doubts about the investment, but continued to make payments.

So, overall, think that there was enough going on that should have caused Mr H concerns about what he was doing, and so should be partially liable for the loss he has suffered.

Did Santander do enough?

Santander has already refunded Mr H for the first four payments Mr H made, so I do not need to consider if it should have done more here.

Santander has also provided me with a call it had with Mr H when he made payments to BD. Having listened to this call, I agree that Mr H prevented it from providing him with an effective warning. Mr H told Santander that he was making payment for home improvements and was happy with what he was doing. The call was lengthy, and while Santander attempted to uncover what was going on, Mr H provided answers which were both misleading and plausible about what he was doing, even when Santander said to him that it was important that he told the truth. I also think that at some point it believed that Mr H may have been a victim of a rogue trader, but Mr H assured it that the individual he was paying had completed work for a friend recently.

While the payments to BD were large and in mostly in quick succession, Mr H also primed Santander by saying that he intended to make more payments to this individual for the work he was getting done, so I don't think that it would have had any further concerns for these payments or saw the need for a further intervention. And so, I don't think it needs to refund Mr H for any of these transactions.

However, when Mr H made payment thirteen, Santander stepped in again, and asked Mr H about what he was doing and why, which I agree was an appropriate time to do so. However, at this point, I don't think that Santander went as far as it should have done.

While Mr H again misled Santander about the purpose of the payment, and said he was lending money to a friend for a car, I don't think that Santander questioned him enough about what he was doing and why.

By this point in the payment journey, Mr H had paid out over £51,500 to three separate payees in a little over two months, and this payment was a significant increase in value – and unusual for his account. And while I understand that he wasn't honest about the reason for this payment, I would have expected Santander to look at the whole picture more closely, ask him about the amounts of money he was moving, for supposedly different reasons in such a short matter of time.

For the first four payments Mr H had made, he used the reference 'investment' – which I think could have prompted Santander to ask about these at this point, and to let him know how investment scams work – even though he had told it that he was making a payment to a friend. I also think it should have told him that it was concerned about the amount of money he was moving through his account.

So, while wouldn't expect Santander to have interrogated Mr H, and I know that he didn't divulge important information, even though he was told this was important, I also don't think that Santander did enough at this point either, and should therefore refund Mr H 50% of the remaining loss.

Recovery

I understand that Santander contacted the receiving banks to try and recover some of Mr H's money, but most of the money was already lost. It has already refunded Mr H £9,000 from the final payment as it recognised that due to a delay there was still some money left that could have been recovered. So, I think it has done all it could here.

Putting things right

Santander UK Plc should refund Mr H 50% of the remaining loss. I calculate this to be £55,750.

On top of this, it should also pay Mr H 8% simple interest from the date it originally declined his claim until settlement.

My final decision

I uphold this complaint in part. Santander UK Plc should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 10 January 2025

Claire Pugh
Ombudsman