

The complaint

Mr S complained because Santander UK plc refused to refund him for payments which he said he didn't authorise.

What happened

On 7 July 2022, Mr S contacted Santander. He said he'd been away and had returned on 3 July, and he'd seen seven payments on his Santander account which he hadn't made. The first was on 25 June and the last was earlier that day, 7 July. The total disputed was £6,800, and the payments had been sent to a cryptocurrency platform. Mr S told Santander that he didn't recall receiving any scam texts, emails or calls.

Santander didn't agree to a refund, and Mr S complained. In Santander's final response to Mr S's complaint on 28 July, it said that it had taken several factors into account. That included the pattern of transactions, and how the payments were made and authorised. Santander said that in the interests of fraud prevention it couldn't provide specific details. It said that it had tried to contact the recipient organisation in an attempt to recover money, and if successful it would let Mr S know.

Mr S wasn't satisfied and contacted this service.

Our investigator's final view was that the transactions could only have been authorised by Mr S. He said that Santander's evidence showed that the device used to authenticate the payments had been used by Mr S before, to authenticate transactions he didn't dispute. They'd been authorised in the app using Mr S's registered mobile, which had been registered for a year before the disputed transactions. Mr S had said his phone hadn't been lost or stolen; that no-one else had the passcodes to either his phone or his app; and that his phone was secured by his fingerprint.

Mr S didn't agree. He said that the phone used for the transactions wasn't the phone he uses, and he said this could be confirmed if the investigator contacted the phone company. He said that if that phone had been used before as Santander said, the investigator had been misinformed. Mr S also said that Santander's security systems should have stopped it from happening and he said he hadn't been contacted although it was a large amount.

Mr S asked for an ombudsman's 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.

There are regulations which govern disputed transactions, and the relevant regulations here are the Payment Services Regulations 2017. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them. So I've considered whether it's more likely that Mr S did or didn't authorise the disputed transactions himself.

The mobile used for the disputed payments was registered to Mr S's Santander account in July 2021, a year before the disputed payments. Mr S said that this isn't the phone he has and which he uses. He told Santander that he'd checked with his phone provider and his phone hadn't been cloned and the SIM hadn't been swapped. But the computer records show that the mobile which Mr S registered in 2021 was the same one which was used for the disputed cryptocurrency transactions in 2022. Mr S may have changed his phone since, but that doesn't alter the outcome here.

Mr S also said that his phone hadn't been lost or stolen, and it stayed with him all the time, and no-one else knew the passcodes for his phone or banking app. So it's hard to see how any third party fraudster could have carried out the transactions.

The computer records also show that Mr S's correct PIN was used to set up the payments. There are 10,000 possible combinations of a four digit PIN, so it's unlikely that anyone else could have guessed it.

So I can't see a way in which any third party who wasn't authorised by Mr S could have carried out the disputed transactions. I find that it's more likely than not that Mr S authorised the transactions himself. If he provided his phone and security details to a known third party, that would count as Mr S authorising the transactions. So Santander doesn't have to refund him.

Finally, Mr S asked why Santander's security systems didn't prevent the payments, as he says he wasn't contacted for confirmation they were genuine. Banks have a number of obligations to be alert to fraud and scams, and to act in their customers' best interests. But a bank also has an obligation to process the payments its customers authorise it to make. There's a balance between intervening to prevent fraud, and the risk of unnecessarily inconveniencing or delaying legitimate transactions. Here, the evidence about the way the transactions were carried out would have indicated that Mr S carried out the transactions himself. So I don't think it's unreasonable that Santander didn't block the payments.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 2 November 2023.

Belinda Knight
Ombudsman