

The complaint

Mr E complains that Santander UK Plc will not refund the money he lost after trying to buy a puppy online.

What happened

In May 2020, Mr E saw a puppy advertised for sale on a legitimate pet website. The advert included pictures of the puppy and a contact number. Mr E noted that the price of £800 was quite a bit lower than on other listings.

He contacted the seller on the number given in the advert and paid a deposit of £350 by bank transfer from his Santander account. However, he found that very shortly afterwards the seller had blocked him from contact, and he realised he'd been the victim of a scam.

Mr E reported what had happened to Santander. Santander tried to recover the money from the account Mr E had sent it to. But unfortunately, by the time Mr E had contacted Santander, the seller had been able to remove all the money from the beneficiary account. Nothing remained to be recovered.

Santander also considered this payment under the Lending Standards Boards' Contingent Reimbursement Model Code (the CRM Code). The CRM Code provides additional protection when customers fall victim to scams such as this one. But Santander didn't think Mr E had taken enough care to check the seller was legitimate before he'd sent the payment. Santander didn't reimburse him for the money he'd lost.

Mr E complained about the bank's decision. When Santander said it wasn't willing to change its position, he referred his complaint to our service for an impartial review.

Our Investigator looked into what had happened. The Investigator thought Santander didn't need to refund Mr E. She said Mr E hadn't had a reasonable basis for believing this was a legitimate transaction. In particular she thought the price was too good to be true especially at during the time of the pandemic when dogs were in unusually high demand. She noted that the account payee details didn't match the name of the supposed seller, and also that the explanation that the deposit money was needed to pay for the puppy's inoculation didn't seem plausible given the seller had claimed to be a legitimate breeder.

Mr E didn't agree. He was the victim of a scam and wanted his money back. Because of this disagreement I've been asked to make a final decision on Mr E's complaint.

While Mr E has asked the Financial Ombudsman Service to review complaints about other events, these have been considered separately and this current decision concerns only the payment Mr E made in 2020 for the purchase of a puppy.

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.

I'm sorry to hear about what happened to Mr E. I can understand why Mr E wants his payment to be refunded. However, while I have sympathy for Mr E in what happened, I have to recognise that the principal cause of his loss here was the scammer who deceived him. I also need to take into account that Santander has a primary duty to carry out the payment instructions its customers give it. As a starting point in law, a customer is therefore assumed liable for a payment they have instructed to be made.

As I've mentioned above, the CRM Code can provide additional protection for the victims of APP scams. I'm satisfied that the payment Mr E made falls within the scope of the CRM Code. But despite offering additional protections, the CRM Code includes provisions allowing a firm not to reimburse APP scam losses in some situations.

Relevant here, this includes where the customer made a payment without a reasonable basis for believing that the person the customer was dealing with was legitimate, selling genuine goods, or that the payee was the person the customer was expecting to pay.

Santander says this exception applies here. It reviewed Mr E's claim against the CRM Code, but it didn't think it was required to reimburse him.

In deciding this complaint, I must first determine whether Santander has established this exception to reimbursement can be fairly applied – in other words, that Mr E made the payment without having a reasonable basis for believing either that it was legitimate or that he was paying the person he believed he was paying.

In determining these points, I have carefully considered everything Mr E has submitted as well as the evidence submitted by the bank.

Firstly, I think the advertised price was too good to be true. From what I've seen there was a high level of demand for dogs and puppies at the relevant time, being just after the start of pandemic lockdown in 2020. Yet the seller was offering the puppy at a markedly lower than usual price. There was no plausible explanation given for this.

I don't doubt the offer would have appeared enticing, considering how cheap it was in comparison to other sellers. But a very low price can be one indicator that there is potentially something untoward about the seller or the proposed deal.

Besides the low price, there were other factors here that should have raised additional concerns about the legitimacy of the seller. Mr E was told that the seller, supposedly a professional breeder, needed the deposit money to pay for the standard inoculations - which seems to me an unusual reason. He was asked to send payment to a name that wasn't that of the supposed seller, a relatively unusual arrangement and likely to prompt concern that the money might not be going to the person Mr E thought he was paying.

With these points in mind, I think there was enough that Mr E should have had concerns that the seller might not be legitimate. He was putting considerable trust in a stranger here and sending money to a seller found online sight unseen and at a considerable discount was always a big risk. If he felt he was unable to carry out further checks he should have considered walking away from the deal without sending a payment or finding a seller who

allowed him to visit in person before making the payment.

In terms of the CRM Code, where a customer made a payment without having a reasonable basis for believing they were paying for legitimate goods from a legitimate seller, or that they were paying the person they believed they were, then their bank does not need to refund them for their loss even when this was due to a scam. I think Santander is entitled to rely on that here – I think it has done enough to establish that Mr E didn't have a reasonable basis for believing this was legitimate.

Based on what Santander could reasonably have known at the time, this payment wasn't one which would have particularly stood out as being at risk of being connected to a fraud or scam. With this in mind I don't think Santander needed to give an 'Effective Warning' under the terms of the CRM Code, so I cannot find it at fault if it did not do so here. And I don't think Santander needed to take specific steps at the time, such as intervening directly before it would release Mr E's payment.

Lastly, when Santander was made aware of what had happened, it acted appropriately and tried to recover the funds, although none remained. I understand from the beneficiary bank that all of the money had been moved on very quickly after the payment had been made and prior to Mr E notifying Santander of the scam.

In short, I don't find Santander is to blame for Mr E's losses. I don't find it is liable to refund Mr E under the terms of the CRM Code either.

In saying this, I want to stress that I am very sorry to hear about what happened to Mr E and I am sorry he has lost out here. He was the victim of a cynical scam designed to defraud him of his money and provide nothing in return. But I can only look at what Santander was and is required to do – I have no power to consider the actions of the criminal scammers who were ultimately responsible for Mr E's loss. And I don't find Santander is required to refund him under the CRM Code, nor that the bank was at fault in making the payment Mr E had instructed it to make or for any other reason.

My final decision

For the reasons I have explained, my decision is that I don't uphold Mr E's complaint about Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 8 September 2023.

Stephen Dickie
Ombudsman