

The complaint

Mr M complains that Santander UK Plc ('Santander') won't refund the money he lost when he was the victim of a scam.

What happened

Mr M says he saw his dream car for sale on an online marketplace for £1,100. The car wasn't roadworthy, but Mr M wished to buy it to restore. Mr M says it was clear it was in a poor condition from the photos provided and there was no need to view it. Mr M asked the seller if the vehicle was still available and then offered to pay £900 by bank transfer. The seller said he didn't need the full payment and to pay half before collection, but Mr M decided to transfer the full amount on 18 May 2023 to secure the vehicle. He then tried to organise for a recovery vehicle to collect his new vehicle, but the seller didn't provide him with a postcode or a refund.

Mr M contacted Santander to report what had happened on 21 May 2023. Santander didn't agree to reimburse Mr M. It said that when Mr M made the payment, he was asked some on screen questions and replied that he had seen the vehicle when this wasn't the case, meaning that Santander was prevented from providing him with an appropriate warning. In addition to this, Mr M didn't complete any checks before paying for the vehicle.

Mr M was unhappy with Santander's response and brought a complaint to this service.

Our investigation so far

The investigator who considered this complaint under the Contingent Reimbursement Model Code (CRM Code) and said that Santander acted fairly in relying on an exception to reimbursement because Mr M didn't have a reasonable basis for believing he was paying a genuine seller. Mr M didn't agree with the investigator's findings. He said he bought the vehicle in good faith and is the innocent victim of a crime.

The complaint 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.

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've considered whether Santander should have reimbursed Mr M under the provisions of the CRM Code and whether it ought to have done more to protect him from the possibility of financial harm from fraud.

There's no dispute here that Mr M was tricked into making the payment and is an innocent victim. But this isn't enough for him to receive a refund of the money under the CRM Code. Under the CRM Code, a bank may choose not to reimburse a customer if it can establish that:

- 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

There are further exceptions outlined in the CRM Code that do not apply to this case.

Taking into account all of the circumstances of this case, including the characteristics of Mr M and the complexity of the scam, I think the concerns Santander has raised about the legitimacy of the transaction Mr M made are enough to support its position that it can fairly rely on an exception to reimbursement set out in the CRM Code. I don't think he had a reasonable basis for believing that the person he transacted with was legitimate or that the vehicle was genuine. I say this because:

- Mr M has been open that he didn't complete any checks into the vehicle or the seller. This means that he had no reason to believe the seller was who he said he was or that he owned the vehicle he was selling. I don't believe that because the vehicle wasn't roadworthy Mr M didn't need to take any steps to check that he was buying a genuine item from a legitimate seller.
- The seller only asked for a payment of half the cost of the vehicle, but Mr M decided to transfer the whole amount to secure it – before he saw what he was buying.
- During the payment journey Santander asked Mr M some questions. Mr M said he was buying goods and was prompted to say what he was buying. After disclosing he was buying a vehicle, Mr M was asked, "Have you seen the item in person?" and he confirmed that he had. As a result of the answer given, Santander only asked Mr M if he was comfortable making the payment. Mr M hadn't seen the vehicle and if he'd have answered this question correctly Santander would have provided him with a more tailored warning which may have made him question what he was doing.
- Mr M had no documentation in respect of the purchase and nothing to demonstrate legal ownership of the vehicle.

It's the combination of these factors that lead me to believe Mr M didn't have a reasonable basis for belief - none of them can be considered alone.

I also don't think Santander should have done more to warn Mr M when he made the payment or taken any other steps to prevent it from being made. Although I appreciate the loss of the funds has had an impact on Mr M, the amount of the transfer was relatively small and there was nothing obviously concerning about it that I would have expected Santander to pick up on.

Santander should contact the bank that received scam funds to try to recover them as soon as the scam is reported. I have seen evidence which confirms that Mr M's funds were moved out of the account they were paid into on the day of the scam. As Mr M reported the scam to Santander a few days after this there was nothing more Santander could have done to recover his funds.

Overall, whilst I'm sorry to hear about this scam and Mr M's loss, I can't reasonably ask Santander to reimburse him.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 December 2023.

Jay Hadfield

Ombudsman