

The complaint

Miss W has complained that Santander UK Plc (“Santander”) has not downgraded her account despite her asking it to do so on numerous occasions.

What happened

Miss W says that she experienced financial difficulties in 2019, and decided she didn’t need the 123 account anymore. Miss W says that Santander refunded a number of account fees. But says Santander told her she’d need to go to branch to close the account. Miss W says she was unable to go to a branch due to work commitments. As Miss W had not downgraded or closed the account, she continued to incur account fees on the 123 account.

Miss W says she does not see why she should pay £5 per month for something she did not qualify for and she says Santander won’t switch or close her account.

One of our adjudicators assessed the complaint and she didn’t think Santander had acted unfairly. Miss W disagreed with the adjudicator’s assessment, so the matter was referred for an ombudsman’s 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.

We’ve explained our approach to complaints about packaged accounts on our website, and I’ve used that to help me decide this complaint. Having considered everything that has been provided, I don’t uphold this complaint. I will explain why.

Looking at the correspondence provided, I can see that, following Miss W’s complaint, Santander sent an email on 5 October 2019. This explained that Miss W would need to call Santander if she wanted to change her account. But it did offer to credit her account with £50 to cover the account fees she’d paid over the last year or so. Miss W replied by email to say that she tried calling but no one could help her, but accepted the £50 offer and stated she wanted her account downgraded. I can see Santander tried calling Miss W twice more on the same day, but could not get through, so sent another email confirming that she’d need to call Santander, if she wanted her account changed.

I understand that Miss W then emailed Santander on 3 December 2019 and explained that she’d tried calling Santander but was on hold for lengthy periods of time. She said it was irresponsible that Santander was still charging her for her account. Santander responded on the 6 December 2019 and explained that the monthly account fee will continue to be deducted from the account for as long as the account remains a 123 account. This email explained that the 123 Account would need to be closed and another account opened. It explained this could be done either in branch or online. Santander offered to credit the account with further £30 for previously explaining that she could call up to do this.

Santander then issued a response on 13 December 2019 and explained that to change the account Miss W would need to open a basic account online and then close the existing 123 account. It said that if she wanted to change the type of account, e.g. to an Everyday current Account, it may be able to do this over the phone. Santander concluded that as it had already refunded £80 of account fees, it did not agree to refund any more.

Miss W then contacted Santander again in February 2020 and complained that she was still being charged for the 123 account, even though she was not using the benefits. Miss W said the fees were putting her into an unarranged overdraft and she can't afford to hold for 30 minutes at a time and said it is inconvenient to go into a branch. Santander responded by saying it had already looked into matters and confirmed that if Miss W wanted to close the account, she would need to bring it to a credit balance first. But Miss W refused to do so, as the only reason it was taken into an overdrawn balance was because of the account fees, and she felt that Santander should not still be charging her for the account.

I understand it was confirmed in June 2020 that Miss W could downgrade the 123 account to a 123 Lite account online, but that account still incurred a £1 monthly charge. It was also confirmed that Miss W could open other (fee-free) accounts online, and then once she has done that, Santander would then be able to arrange for the 123 account to be closed – providing it was brought to a credit balance. But again Miss W refused to bring the 123 account to a credit balance and said that she would let the account fees accrue on the account.

I think I should first point out that, when Miss W agreed to the account, she also agreed to pay the monthly fee for the account, for as long as she held it. And it was for Miss W, not Santander, to decide if the account remained suitable for her circumstances. Therefore, I don't think Santander was being unreasonable in saying that the fees will apply regardless of whether Miss W was getting any benefit from having the account or not. So I don't think Santander should refund Miss W the 123 account fees, solely because, as she says, she was no longer using the account.

But I think Santander's responses to the complaint were not as clear as they could've been. Santander initially said that Miss W had to call to change her account. Then it said she could close her account and open a new one online, or in branch. And offered Miss W £30 for previously saying it could be done over the phone. But then issued another response to say she would need to open a new basic account online and close her existing one - but if she wanted to change the type of account, she may be able to do this over the phone.

I have to say, I think it's unreasonable that Santander was unable to give Miss W a straight answer on what is a very straightforward matter. Overall, I thought Santander's initial responses could've done a better job in explaining the downgrading processes. So I do get Miss W's frustration.

But having said that, I can see that Santander did try and contact Miss W in October 2019 to downgrade the account, but unfortunately didn't get through to her. And although Miss W said that attending branch was inconvenient for her, since December 2019, Santander has consistently said that she could open a fee-free account online (to replace the 123 account), but for whatever reason, chose not to do so.

Furthermore, it seems that a large part of why matters have continued for as long as they have done, is because Miss W has not chosen to take the options presented to her by Santander – that is to downgrade her 123 account herself to a 123 Lite account online (which is £1 per month), or open an account of her choosing online and bring the 123 account back to a credit balance and then contact Santander to arrange for the 123 account to be closed. It seems that Miss W did try calling up in late 2019, but I can't say that Santander was being unreasonable because she was on hold in a queue – although again, I do understand how frustrating this can be.

It's also the case that Miss W has had opportunities to get the account closed. For example in June 2020, she only had to credit just under £5 to get the account to a credit balance and the account could've been closed. But she chose not to. And I don't think her reasons for refusing to bring the account to a credit balance are necessarily reasonable, given that the fees were correctly applied to the account.

The reason Miss W says that she should not have to pay the monthly fee is because she was no longer using the account – yet there were transactions (in addition to returned direct debits) on the account up until March 2020. So it looks like she was still using the account. And just because Miss W chose to stop using the account, does not mean that the monthly account fees should no longer apply.

I note that Miss W has mentioned experiencing financial difficulties. But Santander confirmed it had refunded or reimbursed over £600 in account charges. And it refunded £80 worth of account fees because it had given unclear information about how to go about removing the 123 account. So I'm satisfied that it was taking reasonable steps to help Miss W out with her financial difficulties and was giving her options if she no longer wanted the fee-paying 123 account.

Therefore, having weighed everything up, I certainly think Santander could've done a better job in explaining, from the outset, what steps Miss W could take to downgrade her 123 account. But, I'm also mindful that Santander has already paid Miss W £80 worth of account fees – which amounts to 16 months' worth of account fees. So I think this represents a reasonable award to reflect the shortcomings in Santander's efforts to explain its account downgrading procedures. And I think it covers a reasonable period of fees, given how long it took Santander to give the correct answer on its processes. Therefore I don't think it is required to pay any further redress in relation to this matter.

Finally, I understand that Miss W still has the account. It is up to Miss W what she chooses to do with the account. But I would like to remind Miss W, as the adjudicator did, that if an overdrawn balance remains on the 123 account, this could have an adverse impact on her credit file and possibly her ability to obtain credit in the future.

My final decision

Because of the reasons given above, I don't think Santander UK Plc needs to do anything more to put matters right in relation to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 30 June 2021.

Thomas White
Ombudsman