

The complaint

Mr C complained about Santander UK Plc. He said that someone had tried to set up a direct debit fraudulently on his account, which he reported to Santander. Mr C said Santander hadn't phoned him back, and instead had later closed his account without notifying him.

Mr C wants Santander to re-open the account, apologise and pay him compensation.

What happened

In July 2019, a direct debit was set up on Mr C's account. There wasn't enough money in the account to pay it, so Santander notified the company, and wrote to Mr C on 26 July to tell him what had happened.

Mr C logged onto his account on 30 July and cancelled the direct debit. He rang Santander, saying he wanted to report fraud. He said he didn't use the account very often, but had logged on and seen a direct debit, which he'd cancelled straight away. The adviser said that the merchant named on the direct debit could be the name for a number of different business names, for discounts, cashbacks etc. He said Mr C would need to have a word with the merchant first, and he looked up the phone number for him. He said Mr C should give them a call, tell them that a direct debit had been set up which he'd had to cancel, and ask exactly what it was for. He told Mr C that Santander would be open till 8pm that day, and Mr C said he'd ring back. The call was amicable and there's no record of another call about this direct debit around that time.

On 24 August, Mr C's account went overdrawn, and Santander him an email to tell him. The computer record of log-ins shows that Mr C logged on the same day, and also in mid-September.

On 26 September, Santander wrote to Mr C. The letter said Santander had noticed that Mr C hadn't used his account lately, and the £9.77 debit balance at that point was only made up of fees. The letter said that Santander would close the account in 60 days, in line with the terms and conditions of the account, but gave a number for Mr C to get in touch if he wanted to keep the account open.

On 27 November, Mr C rang Santander to complain that his account had been closed, and he hadn't been told. Santander told Mr C that the reason was that the account had been overdrawn with fees for three months. It explained that when the account was closed, Santander had written off the debit balance. This avoided further debt building up. Santander accepted Mr C's word that he hadn't received its letter telling him about the closure. But it said that if Mr C wanted to carry on banking with Santander, he'd need to go through a new application.

Mr C also complained that when he'd told Santander about a fraudulent direct debit, he'd been told he wouldn't be charged a fee because it had been fraudulent. And he hadn't been aware of the fees, and he said he'd had no contact whatsoever from Santander about the closure of the account.

Santander's final response letter said that it had acted correctly when it closed Mr C's account. In the July call, it had advised Mr C to ring the direct debit business, and get back in touch with Santander – but he hadn't rung back until his November complaint. Santander enclosed a copy of its 26 September letter explaining the balance was overdrawn. It said the letter explained the actions that would be taken if the account remained overdrawn. And it pointed out that Mr C had logged on between July and November, so he'd have seen the overdrawn balance. Santander also sent Mr C copies of the call recordings from the July and November phone calls.

Mr C wasn't satisfied and complained to this service.

Our investigator didn't uphold Mr C's complaint. He contacted the business which had requested the direct debit. This business provided the same personal information that Santander had on file for Mr C, and also provided a document showing Mr C had opened and read one of its emails, at the location which Mr C had provided in his complaint form.

The investigator also listened to the July phone call between Mr C and Santander. He pointed out that it had been agreed that Mr C would ring the business, and Mr C hadn't told Santander he was unwilling to ring the business. The investigator also noted that Mr C had logged into his account in August and September, including one occasion four hours after Santander had sent an email telling him the account was overdrawn. So the investigator thought Mr C had known the account was overdrawn, and should have tried to resolve it with Santander sooner.

Mr C didn't accept the investigator's view. He said he was the only person telling the truth, and that he was a victim of crime and a victim of fraud. He said it had been Santander's responsibility to ring the business, and he shouldn't have been told to do it. He disagreed with Santander's login records.

Mr C also said he hadn't heard anything from the business which had requested the direct debit, and that he was a clear victim of fraud from that company. He said he was the victim of fraud, misinformation and disgusting customer service levels from Santander. He said he hadn't had a clue whether his account was in debit as he'd never signed up for the fraudulent business in the first place. He asked for an ombudsman 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. The relevant regulations for disputed transactions taking place in 2019 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 he did authorise them.

The information which the direct debit recipient provided to this service shows that whoever set up the direct debit gave Mr C's full names, email address, home address, and showed that one of the emails which it sent Mr C was opened and read in Mr C's location. So I think it's unlikely that any third party fraudster set up the direct debit.

Mr C complained to this service that Santander should have phoned the direct debit business when he rang on 30 July, and that he shouldn't have had to. I've listened to the phone call recording of that call between Mr C and Santander, where Mr C first contacted

Santander about the direct debit. Santander sent Mr C a copy of that call, too. The recording shows that Mr C accepted the adviser's advice to ring the merchant who had claimed the direct debit. The call is amicable and Mr C agreed to ring the merchant, without any suggestion that it should be Santander which rang the merchant.

At the time of the call, Mr C had already cancelled the direct debit for the future, and no money had actually debited Mr C's account because it had bounced. When the adviser saw the name of the merchant, he recognised it and told Mr C that it was the name of a merchant which used a number of different business names, for discounts, cashbacks etc. So I consider it was sensible for Mr C to ring the merchant before any formal fraud claim was recorded, because it might have been the business name for a different trading name which Mr C might well have used. I also consider the Santander adviser was helpful in googling the merchant's phone number for Mr C to use to find out how the direct debit attempt had happened. It wasn't Santander's responsibility to find out why the bounced direct debit had been set up. And most of all, Mr C accepted the adviser's advice, and said he'd ring back. But there's no record that he did ring back.

Santander charged Mr C for the bounced direct debit, in line with the terms and conditions of the account. This meant his account was overdrawn. I've seen the records which show that Mr C logged onto his account several times between the July call and the November closure. So I consider he'd have known that there was a charge on the account, for the bounced direct debit. And he could have contacted Santander.

It's likely that Mr C's credit file would have recorded this small debit balance. Credit files do have to reflect the actual position, so Santander acted in line with its obligations by reporting this to the credit file firms.

Looking at the closure, Mr C said he didn't receive Santander's letter giving him notice about the closure. I accept that it was sent, and I've seen the copy letter which shows that it went to the address which was registered on Mr C's account. But even if Mr C didn't receive the letter through postal problems, Santander could still close the account. Under the terms and conditions of the account, banks have the right to close accounts, just as customers can decide to close their account. The bank doesn't have to give a reason, though in Mr C's case Santander did give a reason, saying it was because the account hadn't been used recently, and the balance only consisted of fees.

The closure letter offered Mr C an opportunity to get in touch with Santander if he wanted to keep the account open. I recognise that Mr C said he didn't receive this, but even after the notice period expired, Santander offered Mr C the option of reapplying for a new account. So I find that Santander acted fairly.

The closure also meant no more fees were charged to Mr C. The direct debit bounced, so the money never debited Mr C's account. And although Santander did initially charge Mr C for the bounced direct debit, in line with the account terms and conditions, it re-credited the money when it closed the account after giving him notice. So there was no financial loss for Mr C.

Taking all these factors into account, I find that Santander acted fairly towards Mr C and I don't require it to do anything more.

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 C to accept or

reject my decision before 13 December 2021.

Belinda Knight
Ombudsman