

The complaint

Miss J complained because fraudulent transactions continued on her Santander UK plc account, even after she'd repeatedly reported them.

What happened

From February to May 2021, a number of debits were made to Miss J's Santander current account. They were all to the same online merchant, and ranged from £350 to £1,400.

Every time a debit was made, Miss J reported to Santander that she hadn't authorised it. Santander accepted that the transactions were fraudulent, and refunded all the debits, generally the same day, or within a few days. Each time, it also blocked Miss J's card and issued her a new card with a different number. But this didn't stop the debits happening again.

Miss J also contacted the merchant herself, but it just told her to obtain records of the disputed transactions from Santander.

In March 2021, Miss J complained. Santander replied that it had taken the relevant steps to try to stop payments debiting Miss J's new card. But it said it couldn't guarantee that the merchant wouldn't take payments from the replacement card. Santander said it was sorry for the inconvenience Miss J had had, and it paid her £50 as a gesture of goodwill.

But the debits continued. In total Santander blocked nine cards, and Miss J received eight replacement cards between the start of March and end of May 2021. Miss J complained to this service.

In June 2021, Santander closed Miss J's current account and opened a replacement account for her. No further debits were taken.

Our investigator upheld Miss J's complaint. She recognised that Santander had refunded each payment soon after Miss J had reported it. And she said that it was unlikely Santander could have prevented future payments debiting the account, because there was no record of when future payments would be taken.

But the investigator thought that Santander should have realised, earlier than it did, that it was most likely that the payments were what's called a Continuous Payment Authority (CPA). These are set up using a customer's card details, but give the merchant permission to take multiple amounts, not just a single payment. Importantly, a CPA is linked to the account, not to an individual card. The investigator said she thought this was why Santander issuing new cards didn't solve the problem – which was only resolved when Miss J's account was closed and a replacement opened instead.

As the investigator thought Santander should have realised that it was a CPA, she thought Santander should pay Miss J compensation. Miss J provided more information about the inconvenience she'd suffered. She explained that she'd had to borrow money from relatives

while waiting for her new debit cards. She'd also had to use another account, which she only used for household bills, and to use this she'd had to ring Santander, or go to a branch to transfer money. This was very time consuming, and difficult to do when she had a busy job.

So the investigator thought it would be fair and reasonable for Santander to pay Miss J £250 compensation for distress and inconvenience.

Santander agreed, but Miss J said it wasn't enough.

So the complaint was referred to me 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.

The facts of this case aren't in dispute, and what I'm deciding is how much compensation would be fair and reasonable in all the circumstances of the case.

I can understand that Miss J was frustrated and upset when repeated large payments kept debiting her account. She's told us that, in the gaps between her card being stopped, and the replacement arriving, she couldn't access her account and had to borrow from relatives. And I recognise it would have been very inconvenient to have to use a different account, and to phone Santander or go to a branch, especially when she had a busy life and it wasn't easy to take the necessary time from work.

However, I've also taken into account that Santander acted promptly when Miss J disputed the payments. It refunded her the same day that she reported them, or within a few days. And it issued a replacement card each time.

And CPAs can be difficult to stop, as they are very different from direct debits or standing orders. They also weren't identified as CPAs, so Santander wouldn't automatically have known this was what they were – only when a pattern of repeated debits happened. It's also only fair to say that much of the upset which Miss J suffered was ultimately caused by the merchant which kept debiting repeat payments which Miss J hadn't authorised.

But I do think that after a number of these payments had gone through, Santander might reasonably have realised that they might be CPAs. This alone wouldn't have been enough to stop them, and nor was changing the card to a different number. Ultimately only closing Miss J's account and reopening it with a new account would stop the CPAs. But I think that Santander could reasonably have taken this step before it did in June 2021.

Taking these factors into account, I find that £250 compensation is fair and reasonable. Santander has already paid Miss J £50, leaving a further £200 to pay.

My final decision

My final decision is that I uphold this complaint and I order Santander UK plc to pay Miss J £250 compensation for distress and inconvenience. It has already paid her £50, leaving a further £200 compensation to pay.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or

reject my decision before 22 April 2022.

Belinda Knight
Ombudsman