

The complaint

Mr R complains that Santander UK Plc (“Santander”) wrongfully restricted payments being made to an account he held with a third-party company without giving sufficient notice.

What happened

Mr R is a customer of Santander. He also holds an account with a third-party company which buys, trades and holds cryptocurrencies. He used his Santander account to make payments to the third-party company. Mr R says the third-party company also holds non-cryptocurrency investments which he could purchase.

In May 2021, Santander placed a stop on Mr R’s card transactions to the third-party company. Mr R contacted Santander to remove the block, and it was lifted. Mr R says as a result of the temporary block, he missed out on the cheaper price he could have paid if he was able to purchase the product he wanted at the time.

Santander acknowledged Mr R’s experience could have been better when he called them, and so credited him with £75 into his account for the inconvenience caused.

In June 2021, further payments Mr R attempted to make to the third-party company were stopped.

Santander say that they have automated systems in place to protect customers from fraud and that this is routine procedure to protect both Mr R’s funds and the bank. They also say that they would not look to cover any losses Mr R says he incurred from not being able to make a payment when he wanted to. They say this is because investments are not guaranteed to provide a profit.

Santander again stopped payments to the third-party company, following a warning given by the Financial Conduct Authority (“FCA”) to consumers. Mr R believes the immediate restriction of payments to be unreasonable and believes Santander hasn’t acted in accordance with its own procedures.

Mr R says he is still unable to make payments to the third-party company using his Santander account.

Mr R complained to Santander. Santander responded saying their priority is to protect its customers from losing money, including those who may consider themselves as being knowledgeable on the subject of cryptocurrency. They say they stopped payments to the third-party company to help protect its customers from fraud, following the FCA’s warning to consumers. They say they are obligated to have processes and controls in place to prevent fraud and financial crime and they believe their decision is in line with all applicable law and regulation that they must adhere to.

Mr R, unhappy with Santander’s response brought his complaint to our service.

Our investigator found that Santander didn't need to do anything further and the £75 they offered was a fair way to resolve the matter. She explained that she carefully considered whether Santander had followed their terms and conditions regarding stopping payments and she found that they had.

Mr R disagreed and requested his complaint to be reviewed by an ombudsman. And so it has been passed to me to decide on.

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.

Having done so, I'm not upholding this complaint and I'll explain why below.

There are aspects of Mr R's complaint I haven't commented on – and that's deliberate. What follows are my comments on what I believe to be the main points to consider to resolve this complaint in a fair way.

I've reviewed Santander's general terms and conditions which is available on their website. I've noted it says that they can refuse any payment instruction if they reasonably suspect it relates to fraud or any other criminal act. I've also noted they explain that they can make changes to their terms by taking into account any actual, or reasonably expected, change in law or regulation (including any decision by a regulator or similar body).

Santander initially stopped some payments Mr R wished to make to the third-party company. Later, once Mr R contacted Santander, the payments were allowed. Santander explained to Mr R that they have automated systems in place to protect customers from fraud and that this is routine procedure to protect both his funds and the bank. They say these systems are there all the time and will stop payments regardless of who they are to, the amount or where they are going.

Santander also acknowledged Mr R's experience could have been better when he called them. They say they tried to refer the call through to a different department, but it got disconnected. So, they credited Mr R with £75 into his account.

I don't think Santander's response to be unreasonable here. They explained to Mr R why certain transactions may get declined and I can't see anything to suggest Santander has acted outside of its terms. They also explained why they wouldn't look to cover the difference Mr R says he incurred from not being able to make the payment when he wanted to. I think their response was reasonable as there is no guarantee any payment towards an investment will turn to a profit. And considering the inconvenience caused to Mr R when he complained and the time it took them to acknowledge their mistake on the phone, I think Santander's offer was fair for the service Mr R received.

Some time later, Santander restricted all payments to the third-party company, following a warning given by the FCA to consumers.

Santander say the decision to stop payments to the third-party company was to help protect their customers from fraud. They say this step was taken to ensure they are doing everything they can to protect their customers and help keep their money safe. They say the FCA warned of the high risks associated with investment in crypto assets, and that money held in customers' crypto wallets is unlikely to be protected by the Financial Ombudsman Service and Financial Services Compensation Scheme if something goes wrong. They also say they had seen large increases in fraudulent activity in cryptocurrency in recent months.

Santander have a duty to protect their customers and their money from fraudulent and criminal activity. Stopping payments to the third-party company was a commercial decision made by Santander, following an FCA announcement. I can see from the announcement the FCA published, it is alongside information about investing in cryptocurrency more generally and the risks involved with it.

Having considered what Santander has said, I don't think their responses and actions they took to be unreasonable. I appreciate Mr R's frustration with having payments stopped, with at times not receiving notifications from Santander. But, ultimately, given these measures were taken to protect Mr R from making a payment involving a possible fraudulent activity, I think Santander's actions were fair. It is up to a business to make a commercial decision about the risks it is willing to take and our service doesn't have the power to change these. But I'm satisfied that Santander has acted fairly and reasonably, in line with its terms and conditions.

Santander offered £75 for the customer service issues Mr R experienced when he called them about the blocked earlier payments. I think this is fair in the circumstances. In this instance I won't be asking Santander to do anything further.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 12 May 2022.

Ronesh Amin
Ombudsman