

The complaint

Mr C says Santander UK Plc acted unreasonably when it refused to follow his payment instructions.

What happened

Mr C called Santander on 6 December 2021 to transfer £99,000 to his son. He asked to use mandate seven on his account, this had to be re-instated as it was dormant. Santander then asked what the purpose of the transfer was. Mr C explained it was a gift. When he declined to give any further information Santander explained it could not continue with the transfer. Mr C was very unhappy as he had made the same gift to his daughter recently without any problems. He called back the following day and made the transfer to his son successfully.

Mr C says whilst he understands the bank has the discretion not to accept a payment instruction this must be exercised in a reasonable manner. He thinks Santander's decision on 6 December 2021 was irrational and arbitrary.

Our adjudicator did not uphold Mr C's complaint. She thought the adviser on the first call had followed Santander's internal guidelines which are in place to protect customers from fraud and scams. She explained human error meant the same process was not followed on 7 December 2021.

Mr C disagreed with this assessment and asked for an ombudsman's review. I reached a different conclusion to the adjudicator and so I issued a provisional decision. In it I first set out the duty and obligations of the bank when an account holder makes a payment instruction, before looking at the specific details of this case. An extract follows and forms part of this final decision.

Extract from my provisional decision

I have listened carefully to the call of 6 December 2021. Santander's guidelines set out that its advisers must first confirm who the transfer is to and the reason. Mr C explained the reason for the transfer was a gift, and the recipient was his son. But this did not satisfy Santander and it wanted to know how Mr C's son intended to use the money he was being gifted. But I find Mr C had supplied the reason for the transfer – it was a gift – and I am not persuaded it was necessary for Santander to insist on more information. It follows I don't think Mr C's preference not to share how his son intended to use the money was a reasonable reason for the bank to stop the transfer.

Mr C explained it felt that was not of concern to the bank and asked how him giving an answer would allow the bank to be more certain there was no risk of a fraud or scam. And Santander has not sent in any persuasive evidence that it had a reasonably held belief that Mr C was being scammed. I think it would be difficult to draw this inference from a refusal to answer the question alone about how Mr C's son would use the gift.

Mr C pointed out he had gifted the same amount of money to his daughter recently – and Santander could see that from his account history. I think that ought to have satisfied

Santander that Mr C's instructions were his own and genuine, and that he wasn't being coerced – a risk it suggested on the call. I accept Mr C grew frustrated on the call, but I find that this was understandable in the circumstances, given he had answered the bank's question about purpose and the bank had the ability to see his recent transfer to his daughter.

I understand Santander's motivation was to protect one of its customers, and that this will at times involve a degree of subjectivity, but in this instance I think it got it wrong. Mr C had provided a credible reason for the transfer and there was evidence of a similar transfer to another family member. So in the individual circumstances of this case I find the bank acted unreasonably.

To settle this complaint I plan to instruct Santander to send an apology letter to Mr C and to compensate him for the inconvenience and upset caused by its error. I find a fair payment to be £100. To reach this conclusion I have considered the impact of Santander's decision on Mr C, but I have also taken into account that he was able to make his transfer the following day and so the adverse impact was short-lived.

I asked both parties to send in any comments or new evidence by 14 September 2022. Mr C confirmed he had no further information to submit. Santander did not reply.

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.

As neither party sent in any additional information I have no reason to change the findings or outcome I set out in my provisional decision.

It follows I find, in this instance, Santander ought to have acted on Mr C's payment instructions.

Putting things right

Santander must send a letter of apology to Mr C and pay him £100 compensation.

My final decision

I am upholding Mr C's complaint. Santander UK Plc must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 13 October 2022.

Rebecca Connelley
Ombudsman