

The complaint

Mr Z is unhappy with the service provided by Santander UK Plc when administering his accounts.

What happened

The background to this complaint is well known to both Mr Z and Santander - as this dispute has been ongoing for some time. In my decision I won't repeat what is already known to both parties. Instead, I'll mainly focus on giving the reasons for reaching my final decision.

Mr Z held a '123' current account with Santander for a number of years. Under the terms of this account, Mr Z pays a monthly fee in return for the account and some additional benefits.

Mr Z said he realised at some point in 2020 that he wasn't receiving the expected interest on his account balance. He was also unhappy that he asked for a 'non-contactless' debit card, but instead was provided with a 'contactless' card and about a change that took place to a savings account.

Mr Z complained to Santander. They initially didn't uphold his complaint. He then referred the complaint to our Service for an independent review. Santander then made an offer of £100 for the issue of sending an incorrect card to him. Our investigator considered the complaint and recommended that the £100 offered was fair - but she didn't recommend that the rest of the complaint points be upheld. Mr Z didn't accept the investigator's opinion, so the complaint has been passed to me for a decision.

Given the complexities of this complaint and the issues it raised, as well as disappointingly inconsistent information provided by Santander, I've issued three provisional decisions to both parties - June 2022, October 2022 and January 2023. Both parties have since responded with additional comments and Santander have made an improved offer to resolve the complaint.

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.

I'll refer to parts of both previous provisional findings as they are still relevant here. Mr Z has raised a number of important and serious new complaint points around discrimination and the Equality Act. It's my opinion that it would be inappropriate for me to make findings on

those issues - given that I've seen no evidence they've previously been raised with Santander.

This is because, under the relevant rules that our Service operates under – the financial business (Santander) has to have been given a fair opportunity to respond first and issue a final response letter where appropriate. The relevant rules can be found at <https://www.handbook.fca.org.uk/handbook/DISP/2/8.html>, but for ease I've included some

relevant extracts below:

“DISP 2.8.1

The Ombudsman can only consider a complaint if:

(1) the respondent has already sent the complainant its final response or summary resolution communication; or

(2) in relation to a complaint that is not an EMD complaint or a PSD complaint, eight weeks have elapsed since the respondent received the complaint;...”

Should any new issues have since caused Mr Z unhappiness, he'd need to speak to Santander about these before our Service could formally investigate any new complaint. In summary, in my decision the main consideration I've to make is whether Santander have treated Mr Z fairly, reasonably and in line with the terms of his account. At times this may mean elaborating on some of the more recent responses from Mr Z to our Service - but it shouldn't be interpreted that I'm making new findings on issues that Mr Z needs to first raise with Santander.

The interest paid on the 123 account

Santander charged Mr Z a monthly fee for this current bank account. In return it had several potential benefits. The main benefit that's relevant to this complaint is the opportunity to earn interest on the account credit balance – subject to certain eligibility criteria and associated conditions.

I've seen a copy of the key criteria that needed to be met for earning interest. The relevant information was contained within a key facts document. This sets out that the account holder needs to pay in at least £500 per month and also have at least two active direct debits in place. Mr Z has told us that he didn't receive interest when he should've - despite meeting the eligibility criteria.

It's not in dispute that Mr Z made the minimum payments of £500 each month into the account. What's in dispute is whether or not he met the 'active direct debit' part of the criteria.

What's an active direct debit?

At the heart of this complaint is the issue of a direct debit being cancelled/removed and Mr Z subsequently losing out on interest on the account.

The relevant terms of this account don't include a definition of 'active direct debit'. It's disappointing that Santander didn't provide our service with an accurate meaning of 'active direct debit' from the outset of this complaint. I don't believe this was an attempt (as Mr Z has inferred) by Santander to change the story or their rules - rather it was an example of carelessness.

At one point our Service was told this meant there needed to be two direct debits regularly being debited from the account. At a much later date, Santander have confirmed that 'active direct debit' actually means that the direct debit mandate has been set up on the account and is ready to be debited/called for by the originator if requested. In effect, a debit didn't need to come out each month for each mandate to be deemed 'active'.

They've also confirmed that an 'active' direct debit becomes dormant after 13 months of not

being debited. So - in effect, this means that a customer can have two direct debit mandates on this account, but even if they haven't been debited (for a maximum of 13 months) they're still regarded as being 'active'. Around the time period in question, Santander say that Mr Z had mandates for council payments and one for a third-party company ('B2').

The interest paid on the '123' account continued

One of the council mandates was last claimed on 30 August 2018. This means that it was treated as 'active' for a further 13 months until October 2019. At the same time, Mr Z also had another direct debit mandate for B2. It seems that it was cancelled around June 2019.

The issues around how the mandate came to be cancelled have proven to be the most contentious part of this complaint.

Mr Z has told our Service that he didn't request for the direct debit mandate to be cancelled. He's recently provided a letter from B2 which states:

"We took the last Direct Debit 29/04/19, this was the last payment made and the Direct Debit mandate was not cancelled your services came to an end and we didn't need any further payments."

Mr Z has further added:

"For your information the screenshot is not evidence of any kind, it merely shows an agreed amount of £0 to be taken monthly by [B2] to keep my account on file with Santander. I think someone at Santander appears to have seen this figure and has cancelled the Mandate in error, is the missing reason in their correspondence."

On the other hand, B2 say they didn't cancel it, but Mr Z's services with them had come to an end and they didn't need to take any more payments.

Santander have said the direct debit was cancelled due to an 'AUDDIS 0C' (cancellation) instruction triggered by B2. Santander recently sent Mr Z an updated letter stating that they had cancelled the direct debit - not B2. We clarified this with Santander and they've confirmed it was issued in error. Although disappointing, human error can and does happen. I will return to this point later in my decision.

Santander have since clarified that the direct debit cancellation was triggered by the originator – not them. They've provided copies of internal system screenshots to support this. Santander also have explained that if a direct debit was cancelled by them, there'd need to be a reason entered – but the relevant data field is empty.

Given that two very different explanations have been provided for the direct debit cancellation, I've to make a finding based on the balance of probabilities. That is - what is more likely than not to have happened – based on the available evidence.

On balance I find it more likely than not, that it wasn't Santander that cancelled the direct debit. I find the explanation that Mr Z's services came to an end and B2 last took payment at the end of April 2019 more persuasive than Santander proactively cancelling the direct debit.

I say this because of the supporting screenshots provided by Santander.

I've noted Mr Z's recent comments to our Investigator that the direct debit was adjusted to zero rather than B2 requesting it be cancelled. But the screenshots provided by Santander don't support this. I'd also add on this point, that direct debits can vary from month to month.

A mandate authorises B2 to collect varying amounts from Mr Z's account – but only if he's been given advance notice of the amounts and dates of collection.

I understand that Mr Z doesn't accept my findings on this point and should he not accept my findings he's free to pursue alternative dispute resolution channels - such as through the Courts. Our Service is an alternative, informal dispute resolution Service and I've to base my decision on the available evidence.

What the cancelled direct debit meant

Mr Z was still receiving interest on his balance from June 2019 (when the third-party ('B2') mandate was cancelled), until October 2019 - when one of the council mandates became 'inactive' or dormant - as it hadn't been debited for 13 months.

Mr Z has referred to being told that Santander may have previously paid out interest as a gesture of goodwill. I also note Mr Z is unhappy that the branch manager didn't submit a statement. But overall, I'm satisfied that Santander have investigated Mr Z's concerns around this point and regardless of what conversation took place with a branch manager, that was their own opinion and my decision is specifically about the circumstances of Mr Z's complaint.

Ultimately, what Santander may have done for other customers (when paying interest) where issues similar to this have arisen (or for Mr Z in the past) has no material impact on my decision here. As I've not concluded, on balance that they've done anything wrong regarding the cancellation and subsequent interest payment, I won't be directing them to pay it. Any goodwill gesture would've been at the discretion of Santander and, where relevant - the individual branch managers.

I don't find that Santander have treated Mr Z unfairly or not in line with the account terms by not paying him interest for the period in question. It's unfortunate that Mr Z had continued to pay for an account that he wasn't receiving the full benefits for, but - as stated already, I don't find that Santander have done anything wrong with regards to him not being paid interest for the entire period he'd expected to.

Mr Z's awareness of the interest issue

I've again taken on board Mr Z's comments that Santander could've done more to alert him that his account wasn't earning interest. In a letter sent on Mr Z's behalf, dated 11 September 2022, it's stated:

"...he informed Santander that he could no longer manage his account online. Santander offered the option of telephone banking. This enabled Mr Z [surname redacted by Ombudsman] to check that the amounts in the account met the requirements of the 1,2,3 account. Mr Z [surname redacted by Ombudsman] considers that the Bank could have alerted him by telephone that there had been issues with his Direct Debits so that he could have taken steps to resolve the issue. Santander were made aware of his sight problems, and indeed had enabled telephone contact to take place to manage aspects of the account."

In an email dated 11 January 2023 Mr Z said: *"I should have been informed of their 13 month rule, so that I may have considered bringing in one of at least a dozen active Direct Debits held elsewhere with other Banks"*.

Whilst it's unfortunate that Mr Z seemingly was unaware sooner of this problem, it wouldn't be reasonable to expect Santander to 1- contact each customer each time they stop

receiving interest on their account or, 2- notify customers that a direct debit instruction has been cancelled. A reasonable amount of responsibility rested with Mr Z to carefully check his account statements to make sure they were accurate and what he expected. This was also stated in the key facts document that Mr Z received when opening this account.

Mr Z has also referred to previous problems receiving statements or them being sent to wrong addresses. If Mr Z had issues receiving statements, again - a reasonable amount of responsibility lay with him to alert Santander to this.

I've noted Mr Z has previously referred to general problems accessing statements online, but he still had other options open to him - including checking his account in branch or requesting that statements be posted out to him or using the telephone banking service. I've kept in mind that Mr Z also made the decision to switch to online statements himself in March 2019, having previously received paper statements.

Mr Z has also said that Santander owed him a greater duty of care given his circumstances. It should be noted that I'm not making any findings in this decision on the alleged discrimination points that Mr Z has raised – as I haven't seen evidence that Mr Z has complained to Santander about this point.

However, I have considered how Santander have treated Mr Z overall and I've carefully reviewed the evidence we hold on file and asked Santander about when Mr Z had made them aware of the change in his health (eye sight specifically) circumstances. I can't find any supporting evidence of when Mr Z did so. I've found that Mr Z first made us aware in a call on 28 April 2021. It's a possibility that given the length of time this complaint has been ongoing that Mr Z's memories have faded over time and this is perfectly reasonable. Santander have told us:

"I have been reviewing this case but have been unable to locate and information recorded on our systems regarding Mr Z's [surname redacted] eyesight issues. I've listened to available calls and cannot see it being mentioned. If the customer had specifically asked for large print or mentioned he couldn't read correspondence then this would be registered on our systems."

I'd also remind Mr Z that our Service provided him with a copy of the same key evidence I've relied on when considering his complaint already.

In summary, I don't hold Santander responsible for Mr Z not being aware that he wasn't receiving interest.

The maturity of the savings account

I've considered this point as it was addressed in the final response letter and the complaint referred to our Service, but I haven't found that Santander have done anything wrong. Santander have confirmed that the 'Monthly Saver' would auto renew for 12 months at a time, providing a standing order with Santander remained in place. When Mr Z closed the '123 account', the Monthly Saver account then changed to an 'Everyday Saver' account.

Santander have provided a copy of the letter they say was sent to Mr Z on 31 May 2020 to notify him of what would happen. Mr Z also referred separate complaints to our Service about the general account opening and closure and I won't comment further on those issues in this decision.

The contactless card

It's not in dispute that Santander made an error in sending Mr Z a contactless card when he had specifically asked for a non-contactless card. It's disappointing that when Mr Z pointed out this error he was initially going to be made go into branch to get the card he wanted.

But I'm pleased that Santander were then able to resolve this issue without Mr Z needing to go into branch – particularly given the COVID-19 pandemic at that time. Although Mr Z accepted the offer, I've considered this complaint point afresh for completeness.

I find the offer made already in relation to this point to be fair, reasonable and proportionate relative to the impact of this error on Mr Z and don't require Santander to do anything further with regards to this complaint point.

How have Santander treated Mr Z overall?

I've considered the service Santander have provided overall and if they've acted fairly and reasonably. At various points the service provided by Santander has fallen below what would be reasonably expected. For example, when the complaint was with our Service, they provided inaccurate information about what an active direct debit meant.

At another point, whilst our Service was still investigating this complaint, they provided Mr Z with wrong information about the circumstances of how the direct debit was cancelled and followed this up in writing on 15 November 2022. Whilst earlier in this decision I've acknowledged human error can and does happen - this doesn't detract from the impact of this error on Mr Z.

In this specific complaint, Santander's actions will have created frustration, annoyance and uncertainty for Mr Z. In my most recent provisional decision I indicated that I intended to direct Santander to pay Mr Z £150 for any trouble or upset caused.

Santander recently made an increased offer of an additional £200 for the service they've provided Mr Z - specifically when giving him inaccurate information. They've also explained the steps taken on their system to prevent the same mistakes occurring again.

On balance, I'm satisfied that this increased offer is a fair, reasonable and proportionate way to resolve this complaint.

Putting things right

Santander UK Plc now needs to pay Mr Z £350 to recognise that the service they've provided him has - on a number of occasions, fallen below what he would have reasonably expected.

My final decision

My final decision is that I partially uphold this complaint. I direct Santander UK Plc to follow my direction, as set out under the heading '*Putting things right*'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 17 March 2023.

Daniel O'Shea
Ombudsman