

The complaint

Mr W complains that Santander UK Plc did not process his bank drafts in a reasonable timeframe.

What happened

Mr W deposited two Canadian bank drafts for \$75,674.07 CAD and \$18,186.54 CAD into his Santander account. Santander acknowledged receipt of the cheques on 9 June 2022 and debited the £10 handling fee from Mr W's account for each cheque.

Towards the end of August, the funds still had not cleared and Mr W began contacting Santander to chase the funds. Santander informed Mr W that they were awaiting the cleared funds from the Canadian bank, who I'll call C. Mr W then went back and forth between Santander and C, with both parties explaining they were waiting for the other to take action.

Mr W eventually was able to cancel the cheques and sent the funds via a different method with a different bank in January 2023. He has said that due to the delays in him receiving the funds, he was unable to purchase a house that he was due to close on at the end of June. And he's had to obtain a different mortgage with a higher interest rate. In addition, he received a less beneficial exchange rate in January 2023 resulting in more losses. He would like Santander to reimburse him and pay compensation.

Mr W referred his complaint to our service. Our Investigator looked into it and felt that there wasn't enough to show Santander alone was at fault for the cheques not clearing. But they did agree that Santander could have done more to help chase the clearing of the cheques, so they recommended compensation of £150, which Santander accepted.

Mr W disagreed with this. He felt the cheques had been received by Santander in April 2022 so the delay to January 2023 was unacceptable.

The complaint was then passed to me, and I came to a slightly different outcome to the Investigator. I issued a provisional decision which read as follows:

I've firstly considered the issue of the cheques themselves not being collected. Mr W has said he thinks the cheques were received by Santander in April 2022, however the cheques themselves are dated 5 May 2022, so I don't think this is possible. Santander has shown me an internal screenshot showing the cheques were received by them on 9 June 2022, which is when the handling fees were debited, and on balance I'm satisfied this is when they were received.

While I have evidence that the cheques were received by Santander, I've seen nothing to suggest that they then contacted C to request the funds. The contact notes that Santander has provided does suggest the foreign cheques team were in communication with C but despite asking for that evidence, Santander hasn't been able to show me what was said. Mr W has provided e-mails between himself and C in which they say Santander has not contacted them, whereas Santander has said they had been chasing C for the cleared funds.

The issue I have here is that both banks have blamed each other for the error and this complaint is only against Santander. The evidence is not clear and because of that, it isn't possible for me to decide what proportion of the blame Santander is responsible for in terms of the cheques not clearing. And based on what I've seen so far, I can't be satisfied that it's more likely Santander is fully responsible for the error.

Mr W has said that the delays in the cheque clearing meant he was unable to purchase a particular house. He said that he was due to purchase the house at the end of June, but as a result of the delays he had to push back the sale until the end of July. However, when the cheque did not clear he lost the house purchase and now has a mortgage at a much higher interest rate.

Santander confirmed that a foreign cheque can take from two to eight weeks to clear from when the cheque is received, especially when it goes through the process of collection as Mr W's cheques did. As the cheques were received by Santander on 9 June 2022, they could reasonably not have cleared until 4 August had they taken the full eight weeks. Because of this, I can't agree that Mr W's house purchase would not have been affected even if no error had occurred in the cheque clearing. And as I mentioned above, I don't think we can fairly proportion all of the blame to Santander for the cheques not clearing. So, I don't think Santander needs to cover any of Mr W's losses in relation to the failed house purchase.

However, as explained previously, I do think Santander has caused delays in chasing the funds for Mr W. While the internal notes suggest Santander's foreign cheque team had chased the clearing of the funds, I have not been provided evidence showing when or what these communications contained. All I have been provided are two swift messages, which is a form of communication between two banks, the first of which was on 29 December 2022, over six months after the cheques were received.

On balance considering Mr W had been chasing Santander relatively regularly from August, and had clearly been putting in a lot of effort to try and resolve the issue, I think waiting six months to send a secure swift message was too long. Considering the missing funds were in excess of £50,000, I can understand why this would have been a very stressful experience for Mr W. And adding to that the fact he was trying to purchase a house, I can see why this was distressing and caused Mr W a great deal of inconvenience.

With all of this in mind, I think the delays in Santander actively chasing the funds caused distress and inconvenience to Mr W and I'm currently minded to recommend £500 compensation in recognition of this.

Santander responded and accepted my provisional findings and agreed to increase the compensation to £500.

Mr W responded and, while he appreciated that I had found in his favour, he did not think the £500 compensation was a fair reflection of the impact the issue had on him.

He reiterated that he had lost his dream home and had to take a mortgage at a much higher interest rate as a result of this issue. He therefore asked me to consider increasing the compensation to account for this. He also asked what our service is doing to protect cases in which banks damage the finances of a customer to ensure it does not happen again.

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've considered Mr W's additional comments in response to my provisional decision. I want to assure him that I have considered the affect the issue has had on him when reaching a decision on compensation. And I explained in my provisional decision why I had not included the damages around the house purchase. This was because I did not feel there was a guarantee that the purchase would not be affected by reasonable delays in the cheque clearing process as it could take up to eight weeks to clear. Because of this, when considering compensation, I have focussed on the chasing Mr W had to do when trying to resolve the issue and the amounts that were missing. And I still feel the recommendation of £500 compensation is fair in the circumstances.

Mr W has also queried what our service is doing to protect customers in similar situations in the future. It should be noted that we are not the regulators of financial business so cannot recommend that they amend their processes or procedures, or fine them for wrongdoing. That is the role of the regulator, the Financial Conduct Authority. We are an alternative dispute resolution service who focus on individual complaints against financial businesses, which is what we have done in Mr W's case.

Having considered the additional comments carefully, they do not alter the findings set out in my provisional decision. So for the reasons outlined above, I think the recommendation of £500 compensation is fair in the circumstances. .

My final decision

Santander UK Plc should pay Mr W £500 compensation in recognition of the distress and inconvenience the delays caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 2 October 2023.

Rebecca Norris
Ombudsman