

## The complaint

Mr and Mrs B are unhappy that Santander UK Plc delayed their transferring money to their son who resides overseas by blocking transfers that they attempted to make.

## What happened

Mr and Mrs B attempted to transfer £10,000 from their account to their son overseas on 27 June 2022. The instructed transfer was blocked by Santander as it triggered their automated fraud prevention systems. Mr B called Santander about this and confirmed that the transfer instruction was genuine. The next day, Santander messaged Mr and Mrs B and explained that all blocks on their account had been removed. Santander also explained that because the transfer instruction had been made by Mr and Mrs B via a third-party app, Santander couldn't now complete the transfer and Mr and Mrs B would need to re-instruct it.

Mr and Mrs B re-instructed the £10,000 transfer the next day, on 29 June 2022, but the instruction triggered Santander's fraud prevention systems again meaning that the transfer was blocked again. Mr B called Santander that same day and again confirmed that the instruction was genuine. But Santander didn't then remove the restrictions on his and Mrs B's account so they could instruct the payment for a third time. And Santander also failed to do this when Mr B called them again the following day, 30 June 2022, at which time Mr and Mrs B raised a complaint.

Frustrated with the service they were receiving from Santander, Mr and Mrs B referred their recently raised complaint with Santander to this service, also on 30 June 2022. But because this service can only consider a complaint once the business being complained about has had the opportunity to consider and respond to it themselves, this service had to allow Santander the opportunity to respond to Mr and Mrs B's complaint.

Santander responded to Mr and Mrs B's complaint on 20 July 2022 and acknowledged that when Mr B had called Santander for the second time on 29 June 2022 that the instructed payment hadn't been correctly referred for approval as it should have been. Santander apologised to Mr and Mrs B for this and made a payment of £70 to them as compensation for any trouble and upset their error may have caused. Santander also explained that Mr and Mrs B would need to contact Santander to have the restrictions that were still present on their account removed.

Because no contact from Mr and Mrs B was received which meant their account continued to be restricted, Santander contacted Mr and Mrs B on 28 July 2022 and reiterated that they would need to call Santander's fraud centre or visit a branch to remove the restrictions on their account. Santander also made a payment of a further £30 to Mr and Mrs B as compensation for any inconvenience they may incur because of these requirements.

Mr and Mrs B's account then remained restricted until 9 September 2022, when Mr B called Santander as requested and the restrictions on the account were removed. Mr and Mrs B were then able to complete the transfer to their son overseas. However, because currency exchange rates had moved against them, they needed to transfer an additional £1,152.04 to ensure that their son received the same amount of money that he should have received, had

Santander allowed the transfer to complete in June 2022 as they should have done.

One of our investigators looked at this complaint. But they felt the response Santander had issued to Mr and Mrs B's complaint – including the apology and compensation payments totalling £100 – already represented a fair resolution to what had happened. Mr and Mrs B remained dissatisfied, so the matter was escalated to an ombudsman for a final 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.

I issued a provisional decision on this complaint on 24 March 2023 as follows:

*Fraud prevention systems are used by all financial institutions to flag account activity that may be of concern and to prevent further usage of an account where it's felt that there is a possibility that fraud may be potentially occurring. Indeed, it must be noted that financial institutions such as Santander have an obligation to employ such systems in order to comply with banking regulations which require banks to have systems in place to protect their customers' accounts, as much as possible, from acts of attempted fraud.*

*Additionally, it's incumbent on banks to employ these systems with a degree of vigilance – to err on the side of caution, as it were – which unfortunately means that there will be instances where legitimately authorised transfers are flagged erroneously by the fraud prevention systems. And this appears to be what happened in this instance.*

*That being said, I can understand how it would have been frustrating for Mr and Mrs B for their re-instruction of the transfer to be blocked by Santander's fraud prevention system for a second time, especially having confirmed the legitimacy of the transfer to Santander after it was blocked by them in the first instance.*

*Santander have explained that any transfer can trigger their fraud prevention system at any time – including re-instructed transfers that have already been confirmed as being legitimate by their customers.*

*It's for Santander to set the parameters of their fraud prevention system, and I don't doubt that Santander set the parameters with the safety of their customer's money in mind. But it can still be the case that when a correct process has been followed – as Santander maintain is the case regarding the second blocking of Mr and Mrs B's attempted transfer – that an unfair outcome can unfortunately occur.*

*And in this instance, given that Mr and Mrs B had confirmed to Santander that the instructed transfer was legitimate the day before that instructed transfer was blocked by Santander for the second time, I don't feel it was that Santander then blocked the re-instructed transfer as they did – despite the well-meaning intentions of Santander's processes here. And I feel that Mr and Mrs B did incur frustration and inconvenience that they reasonably shouldn't have had to incur as a result.*

*Santander have acknowledged that when Mr B called them for the second time that they didn't remove the restrictions on Mr and Mrs B's account as they should have done. And they've apologised to Mr and Mrs B for this and made payments totalling £100 to them as compensation for any trouble and upset they may have incurred as a result.*

*But I don't feel that this compensation amount takes fair account of everything that happened here, including what I feel was the unfair blocking of the instructed payment for the second time.*

*Because of this, I'll be provisionally upholding this complaint in Mr and Mrs B's favour and instructing Santander to make a further payment of £150 to them. This brings the total amount of compensation payable to Mr and Mrs B to £250, which I feel is more fairly reflective of the unfair outcome that occurred here and the upset and inconvenience that Mr and Mrs B have experienced because of it.*

*However, I won't be instructing Santander to reimburse the £1,152.04 exchange rate losses that Mr and Mrs B are claiming here. This is because I feel that Mr and Mrs B could and should have reasonably mitigated against these losses by continuing to liaise with Santander from the end of July onwards, and by meeting Santander's requirement for them to contact Santander's fraud department directly or go into branch. And I feel that these requirements would likely have been provided to Mr and Mrs B sooner than was the case had they continued to try to resolve matters with Santander at the end of July as I've explained.*

*I'm aware that Mr and Mrs B were frustrated with Santander, and I can appreciate why this was the case. But I don't feel that this frustration reasonably absolves them of their responsibility to have mitigated against the potential exchange rate loss that they did incur. And I don't feel that I can fairly instruct Santander to reimburse Mr and Mrs B for a loss which I feel Mr and Mrs B could and should have reasonably mitigated against.*

In my provisional decision letter, I gave both Mr and Mrs B and Santander the opportunity to provide any comments or new information they might wish me to consider before I moved to issue a final decision.

Mr and Mrs B have reiterated that they feel that Santander's requirement for them to either call and speak with Santander's fraud department – which in all likelihood would have entailed a lengthy phone call, including holding and waiting times – or to have visited a Santander branch – the nearest of which is six miles from Mr and Mrs B's home – was unreasonable, and that Santander should instead have called them directly to resolve this issue, which Santander refused to do.

However, I'm afraid I don't agree with Mr and Mrs B's position here, and I don't feel Santander's requirements in this regard were unreasonable – and this is even in consideration of the fact that I acknowledge that Santander should have ensured that the attempted transfer wasn't flagged by their systems for the second time.

I say this because, given that the attempted transfer was flagged for the second time, I feel that Santander should compensate Mr and Mrs B for having to take the steps necessary to comply with Santander's process to resolve the matter for a second time. These steps involved Mr and Mrs B either calling Santander and speaking with their fraud department or visiting a branch. And it's in acknowledgement of how the need to take these steps would have inconvenienced, and did inconvenience, Mr and Mrs B, that I'll be instructing Santander to pay further compensation to them of £150.

But once Santander did flag the payment for the second time, the need for Mr and Mrs B to take those steps became unfortunately necessary. And this is because I wouldn't expect Santander to have released the payment without completing their verification process, even if the payment in question had been flagged for a second time.

Accordingly, given that Mr and Mrs B chose not to call Santander's fraud department or visit a Santander branch, I feel that any loss they incurred arising from moving exchange rates because of that decision should be fairly considered a consequence of their own choice and is therefore a loss which I continue to feel they could and reasonably should have mitigated against.

As such, it remains my position that Santander shouldn't be held accountable for any consequential loss incurred because Mr and Mrs B chose not to take the steps required of them to release the payment in question, which I acknowledge would have inconvenienced them – and which as explained I'm here instructing Santander to pay compensation to them for – but which I'm also satisfied were unfortunately reasonably required of them by Santander at that time, given the circumstances of what happened.

I realise this won't be the outcome Mr and Mrs B were wanting here, but I hope they'll understand, given what I've explained, why I've made the final decision that I have.

### **Putting things right**

Santander must make a further payment of £150 to Mr and Mrs B.

### **My final decision**

My final decision is that I uphold this complaint against Santander UK Plc on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 22 May 2023.

Paul Cooper  
**Ombudsman**