

The complaint

Mr T and Mrs T complain that Santander UK Plc (Santander) didn't process a payment.

What happened

On 23 December 2022, Mr T and Mrs T instructed three online payments to redeem three Buy To Let (BTL) mortgages with lenders. The instructions were sent to Santander at around 11.40. Two were made (for £536,727.25 and £351,386.68). But the third one (for £351,386.15) wasn't made until 29 December 2022 – six days later.

Mr T and Mrs T complained. They said Santander should've made the payment on 23 December 2022, but didn't. They said Mr T had spoken to Santander on 24 December 2022 and was then told it would be sent on 28 December 2022 – but it wasn't. Mr T then called Santander again on 29 December 2022, when he was told he needed to set up a new payment – which he did, and the payment was sent on that day.

Mr T and Mrs T say they paid additional interest of £218.28 on the BTL mortgage for six days. And lost savings interest of £114.72 – as they had to withdraw the money from a savings account on 23 December 2022, and had they known that the payment wouldn't be made until 29 December 2022, they would've left it in the savings account until then. They said they should also be compensated another £400 for the calls, stress and hassle they experienced.

Santander apologised. They said Mr T and Mrs T had received a poor standard of service. The payment should've been processed at an earlier stage, but wasn't. They paid six days debit interest incurred on the mortgage (218.28) - but declined to pay the lost savings interest. They paid compensation of £200 for the inconvenience of Mr T having to call several times.

Mr T and Mrs T brought their complaint to us. Our investigator said Santander had done enough to settle the complaint. Santander had admitted they made mistakes in not processing the payment and had paid the debit interest incurred and compensation of £200. So he said they'd put Mr T and Mrs T back in the position they would've been in had the errors not occurred. Had the payment been made, the savings account wouldn't have earned the credit interest. The payment of £200 was in line with what our service expected to see.

Mr T and Mrs T didn't agree. They said Santander had caused a loss of savings interest – as if they'd known the payment wouldn't be made, they wouldn't have withdrawn the money from the savings accounts. And – during the period of six days, they argued the money sat with Santander (i.e. it wasn't in the savings account, nor had it been sent to the lender). So – they said Santander had benefited from having the money for six days. On the matter of compensation, they said they had to contact Santander many times over the Christmas period and had the stress and worry of what happened over that time. They said Santander should pay more to learn from their mistakes. They asked that an ombudsman look at their complaint – and so it has come to me to do that.

I then issued a provisional decision which said:

The crux of this complaint comes down to a decision on a fair level of award for what happened, and I think Santander should do more here.

Santander admitted they made three mistakes. Firstly, the payment should've been made on 23 December 2022, and wasn't. It should then have been made on 28 December 2022 and wasn't. And it was then made on 29 December 2022, but as an additional payment arranged on the phone – which wasn't needed.

We asked Santander why the first payment didn't take place. They told us that the one-time password wasn't received until after the CHAPS cut off at 17.35. I don't understand that – as the payment was instructed that morning.

When Mr T then called Santander on 24 December 2022, he was told the payment would be made on 28 December 2022 – but it wasn't. So - this was an error.

Santander told us the payment wasn't made on 28 December because it was stopped – as it was a very similar amount to one of the other payments (i.e. within 58p). So – they assumed the payment was duplicate. But it wasn't – so this was an error. But – Mr T and Mrs T weren't contacted about that. And I think it would've been reasonable that they were – given the amount of money involved.

Then, when Mr T called again on 29 December 2022 – he was asked to set up a new payment again. Santander said that wasn't needed – so that was an error.

Mr T made seven calls to Santander on 24 December 2022 and 29 December 2022 – totalling 79 minutes (not including wait times to get through). I listened to the calls, and each time Mr T had to replay what had happened and the need to get the original payment processed. I didn't hear a consistent reason given as to what had happened and why the payment instruction didn't take place.

I've considered what would be a fair award of compensation for this. The amount of money involved was significant, and I must take that into account. It also happened over the Christmas period – and the inconvenience would also have been increased as a result. And Mr T and Mrs T had made arrangements to redeem the BTL mortgage with the lender on a stated day.

So – because of the delay, they had to send additional amounts of daily interest to the lender so the right amount could be credited to the account. This was an additional task needed. So – I'm persuaded that it is reasonable that Santander pay an additional £200. Mr T and Mrs T also paid a fee of £25 for the CHAPS payment, and this should also be refunded – as the payment wasn't made as instructed.

Mr T and Mrs T say Santander should pay more to encourage them to improve. But - we are an informal dispute resolution service which seeks to come to fair decisions where there is a complaint from a consumer about a financial business, based on the individual circumstances of it. Our role isn't to 'punish' firms. Nor are we the regulator of Santander – that's the role of the Financial Conduct Authority (FCA).

I've then considered the claim for lost savings interest. Mr T and Mrs T argue that the money was neither with the lender (to repay the mortgage), nor in their savings account (as they'd withdrawn it on 23 December 2022). So, they say they lost out both ways. I appreciate what they say. But – the principle of our service (and indeed any firm dealing with a complaint) – is to put a customer back in the position they would've been in had the errors not occurred.

And here – that means the mortgage would've been repaid on 23 December 2022, and the savings account also debited with the money on that day (as it was). So – the mortgage interest would've stopped on 23 December 2022; and the savings interest reduced from the same day. As it was, the mortgage interest continued for another six days, and Santander have paid that – so I'm not asking them to pay the savings interest as well, for the reasons I've described.

In summary, my provisional decision is that Santander should pay additional compensation of £200 and refund the CHAPS fee of £25.

Responses to the provisional decision:

Santander agreed. Mr T and Mrs T accepted the compensation award but also said:

- They should be reimbursed the 'lost' savings interest of £114.72.
- Santander had profited from their mistakes as they had the use of the money for six days.
- So – Santander should also be put back in the position they would've been in – and pay the savings interest.

I now need to consider these points and make 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've thought about what Mr T and Mrs T have argued and appreciate the points they've made. But I return to the principles I set out in the provisional decision – this service's role is to put consumers back in the position they would've been in had the errors not occurred. And – that's what this decision does. It's not our role to look at the impact on Santander.

But – in any case, I don't think it is reasonable to say that Santander have 'profited' from the mistakes – as they paid the debit interest on the BTL mortgage (£351,386.15) for six days.

For these reasons, my final decision is the same as the provisional decision.**(continued)**

My final decision

I uphold this complaint. Santander UK Plc should:

- Pay compensation for distress and inconvenience of £200 (in addition to the £200 paid).
- Refund the CHAPS fee of £25.

Under the rules of the Financial Ombudsman Service, I'm required to ask to accept or reject my decision before 23 August 2023.

Martin Lord
Ombudsman