

The complaint

Mr C complains that Santander UK Plc provided incorrect information, blocked his accounts on two occasions within 30 minutes and caused a loss of account access for 10 days. Mr C also complained about the interest rate Santander applied to his Variable Rate ISA.

What happened

I sent the parties a provisional decision in April 2024, in which I set out the following background information to the complaint and my provisional findings, as follows:

'As a customer of Santander's for many years and a 'Select Customer', which requires a significant sum on deposit, Mr C said this ought to mean Santander knows he can move large sums between his accounts. Mr C said he does this to achieve better rates and transferred in £50,000 from another bank.

Mr C said Santander sets a daily transfer limit of £100,000, in four instalments of £25,000, but when he tried to transfer £25,000 his account was blocked. He called Santander and was told fraud prevention was the issue and concerns over the money moving through his account. Mr C said Santander unblocked his account and his transfer was released. He told Santander of another transaction pending and was told this shouldn't be an issue, but he was then blocked again and had to go through security again, causing him inconvenience.

Mr C wants Santander to apologise with acknowledgement of mistakes and compensation for his embarrassment in having to resolve blocked payments. He would like an increase to the interest rate on his ISA or Santander to remove misleading information from its website and state that interest on these accounts will not go up in line with base rates, only down.

In response Santander said his account isn't blocked and its complaints team will call him. Mr C said Santander suggested there might be an issue with the number of contactless payments (not the amount of his transactions). When his card was declined again Santander advised him to go to an ATM to use a service called 'Pin Unlock'. But Mr C requested a new card and was then told the chip on the card is damaged. He said his new card arrived 10 days later during which time he had no current account card or access to cash.

Santander called Mr C on 5 July and acknowledged incorrect information on the calls of 30 June and 1 July, and his transactions shouldn't have been counted. Santander offered £50 compensation, which he declined. Mr C said his questions about blocking his account and limits on transfers hadn't been answered. And the interest rate for his ISA hasn't adjusted, although the terms state; 'Can Santander change the interest rate? Yes, the rate can go up or down e.g. in response to industry or market conditions'. Mr C said this is misleading. In its response to the complaint, Santander it hadn't made a mistake, though it had provided misleading information. It said Mr C had exceeded the limit of contactless payments and his card didn't work, and had now been replaced. It said the block on Mr C's account on the 23 June was pending his verification it was genuine and was removed following his contact. Santander said it's a business decision to change interest rates on a variable account.

As Mr C was dissatisfied with Santander's response he referred his complaint to our service. Our investigator didn't recommend the complaint be upheld. He said banks must follow the verification process in response to fraud alerts, and Santander's terms explain it can stop payments. Santander's fraud detection system also caught Mr C's second payment, but was released after he made contact. The investigator said this caused minimal inconvenience.

The investigator said Santander apologised to Mr C for misinformation about reaching the limit of monthly transactions and offered £50 compensation, which he thought was fair for the impact that evening. He had listened to the calls for 1 and 5 July 2023 and the first adviser was unaware of the faulty chip and thought an ATM would help and offered access to cash pending a replacement card. He said the replacement card was requested within 24 hours and apart from the first adviser's misinformation, Santander hadn't done anything wrong. He said Santander's terms say it may change the interest rates on variable ISAs and changes are Santander's commercial decision and we can't instruct it about interest rates.

Mr C accepted the decision regarding blocking his account if fraud systems were deployed. However, he was advised that there wouldn't be an issue with other transactions. He said with regard to the interest rate, he understood that the Financial Conduct Authority (FCA) and our service cannot impose commercial decisions on Santander, but he thought the account promotion is misleading, which the FCA can do something about.

Mr C said his real issue was with Santander taking three months post-complaint to provide incomplete call recordings, which looked like it was trying to hide something. He said the FCA requires Santander to adequately retain records, but it had failed to do this. He also reiterated that he was without a card for 10 days and questioned whether his personal data had been breached by Santander's member of staff counting his transactions for that month.

What I've provisionally decided – and why

I've looked at Santander's handling of Mr C's account payments, his bank card and his ISA account in relation to his complaints to see if it has acted in accordance with the rules and to see if it has treated him fairly.

The interest rate on Mr C's Variable Rate ISA has not increased after changes in the Bank of England's Base Rate. He said that Santander is misleading customers by stating that the interest rates on ISAs can go up or down in response to industry or market conditions. I disagree. It's a business decision for Santander to vary the interest rate on variable rate ISAs and I think this is clear from the terms and conditions of the account and the information on Santander's website. The onus is on the customer to seek alternative accounts if unhappy with the interest rate on offer for their account.

I've looked at the difficulty Mr C faced in completing transfers between his accounts. On 22 June 2023, Mr C attempted to transfer £25,000, and the payment was blocked due to fraud prevention. This is not abnormal, and I can see this was carried out by Santander in connection with its fraud prevention procedures. Santander is required to carry out fraud prevention measures and it released the payment following Mr C's call. I think this was reasonable.

Santander told Mr C there wouldn't be any issue with the next payment, but when he attempted another transfer of £25,000 it was blocked too. I can see he was caused inconvenience because he had to call Santander again and go through the security to release the payment. Perhaps it was a little premature for Mr C to put the transaction through immediately after his first call with Santander, as there may not have been time for it to amend its records, however he was told it would not be blocked and that proved not to be the case.

On 30 June 2023, Mr C's contactless payment was declined, and he couldn't withdraw cash. Santander said he'd reached the maximum monthly transactions, but his card would work the next day when its system was refreshed. Later that day, a transaction of Mr C's was blocked again, and he was told by Santander to use an ATM to unblock his card. This was inaccurate information that Mr C had to correct during the call.

On 1 July Mr C had to convince Santander's adviser that his card needed to be replaced and this led to identification of his card as damaged. I think Mr C reached this conclusion after a number of his ATM and chip and pin transactions hadn't worked, and I can understand his point that he was caused some frustration and embarrassment about this. I'm pleased that on his earlier call he found Santander's member of staff to be helpful, though the second call was contentious. I don't think Santander's member of staff was rude to Mr C, but it's clear from Santander's records it didn't realise there was an issue with Mr C's card up to this point and so wasn't minded to replace his card as was required.

Mr C is concerned that Santander doesn't have a recording of his call from 30 June. Ideally this call recording should have been made available to us, but we understand that at times business records are not complete. In this instance, I've seen Santander's adviser's notes and I accept what the parties have said about the content of this call, in particular the misinformation provided to Mr C, and so I don't think there's any detriment to my review of this complaint.

Santander's final response letter to Mr C's complaint caused him offence. The letter states that Santander has made no mistake, but by this time Santander had already acknowledged that it had provided Mr C with incorrect information and shouldn't have counted the number of transactions for that month. Whilst I don't consider this to be a breach of Mr C's personal data security as it was between him and his bank who both already possessed this information, I do think the letter was contradictory and confusing.

The duration of Mr C's difficulties was short and when the correct issue was identified, Mr C was without a card for a week or so awaiting the replacement card, but was told this would take five to seven working days to arrive. Before he got to this point, Santander made this situation worse by misinforming Mr C about his use of the account being the problem without informing him of a limit for the number of outgoing transactions.

Taking all of this into account and the number of calls Mr C had to make to get a resolution, I have reached the conclusion that Santander should have provided him with a better service. I think that subject to any further information I receive, Santander should pay Mr C a total of £125 compensation for the distress and inconvenience he has been put to.'

My provisional decision and the parties' responses

I provisionally decided to uphold the complaint. I intended to require Santander UK Plc to pay Mr C a total of £125 compensation for the distress and inconvenience it caused him, less any compensation already paid.

In his response to my provisional decision, Mr C said he couldn't provide any further information other than the extensive information he had already presented. He noted the increase in the compensation within the provisional decision.

Santander responded to say it agreed to increase the compensation as requested within my provisional decision. Santander said it had already paid Mr C £50 in July 2023.

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 have looked again at the circumstances of his complaint.

I remain of the view that Mr C received poor service from Santander. Santander misinformed him about his use of the account being the problem, without informing him of a limit for the number of outgoing transactions.

Fortunately the duration of Mr C's difficulties was short and when the correct issue was identified, he was without a card for about a week awaiting a replacement card, having been told this would take five to seven working days to arrive.

Taking all of this into account and the number of calls Mr C had to make to get a resolution, I still think that Santander should have provided him with a better service. Unfortunately, what should have been a fairly straightforward process of a card replacement turned into a somewhat fraught experience for Mr C.

Having reconsidered the circumstances of Mr C's complaint, I remain of the view that it is fair and reasonable that the compensation paid to him is increased as set out within my provisional decision.

My final decision

For the reasons I have given here and in my provisional decision, this complaint is upheld. I require Santander UK Plc to pay Mr C a total of £125 compensation for the distress and inconvenience it caused him, less any compensation already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 10 June 2024.

Andrew Fraser
Ombudsman