

The complaint

Mr and Mrs R complain about the service received from Santander UK Plc ("Santander") when they tried to make a large payment by cheque from their account. In particular they are unhappy that Santander cancelled the cheque before contacting them and conducting its security check.

What happened

Mr and Mrs R hold an account with Santander and wrote a cheque payable to an estate beneficiary for just over £90,000. Due to the large amount the cheque was flagged by Santander for security checks and a block was applied to the account and payment.

Santander's security team called Mr and Mrs R on 31 October to verify the payment but as Mr R had concerns that the call was genuine he said he would call back. Mr R called back around 25 minutes later but Santander had already cancelled the cheque as the cut-off time for the payment to be verified as genuine and processed had passed.

When Mr R spoke to an agent to confirm the payment as genuine and his wish for it to be cleared the agent failed to tell him the cheque had already been cancelled and would need to be re-written. This resulted in the cheque bouncing and Mrs R being informed of this by the beneficiary the following day.

Mr R called Santander on 2 November to query this and Santander's agent said it would look into this and call them back. Santander's agent called Mr R back but weren't able to say why the cheque had been cancelled and said a new one would need to be written. Mr R was unhappy with this and asked if he could do a bank transfer instead. Mr R provided the beneficiary details and the payment was sent via faster payment and this was processed immediately as the payment had already been confirmed as genuine and Santander's agent was able to clear it.

Mr and Mrs R complained to Santander about this process and the information its fraud team had initially provided. Santander agreed it had provided misinformation on the call on 31 October and credited their account with £100 compensation for the distress and inconvenience this caused.

Mr and Mrs R were dissatisfied with this and brought their complaint to this service.

One of our investigators looked into Mr and Mrs R's concerns but didn't think Santander had made an error in applying the block as it was in line with the Terms and Conditions of the account. However, they agreed that Mr and Mrs R's customer journey could've been better and that Santander should've informed them that the cheque had been cancelled when they called Santander to verify the payment but they thought the compensation of £100 was fair for the inconvenience this caused and didn't think Mr and Mrs R had lost out on any interest.

Our investigator noted that Mr and Mrs R had some further issues regarding their online banking and security checks but that they weren't able to look at these complaint points as they had been dealt with separately under different complaints.

Mr and Mrs R dispute that Santander carried out the necessary security checks correctly prior to cancelling the cheque and don't agree the level of compensation is fair and have asked for an ombudsman's 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.

My role is to look at problems that Mr and Mrs R have experienced and see if Santander has made a mistake or done something wrong. If it has, we seek to put - if possible - them back in the position they would've been in if the mistakes hadn't happened. And we may award compensation that we think is fair and reasonable.

It might be helpful for me to say here that, I don't have the power to tell Santander how it needs to run its business and I can't make Santander change its systems or processes – such as how or when payments are processed or held for fraud prevention. These are commercial decisions and not something for me to get involved with. Nor can I say what procedures Santander needs to have in place to meet its regulatory obligations. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

That said I don't think it was unreasonable for it to have systems in place – in this case carrying out checks on outgoing payments that meet certain criteria for fraud prevention - to ensure the transactions are legitimate and it meets its regulatory requirements. As I'm sure Mr and Mrs R understand this is needed not only to protect businesses against criminal activity, but also their customers.

I appreciate Mr and Mrs R don't believe that in this instance Santander carried out the necessary security checks correctly prior to cancelling the cheque as it cancelled the cheque before the attempting to contact them. But I disagree. My understanding is the cheque was cancelled *because* Santander wasn't able to carry out its security checks before the cut off time for the cheque to be processed had passed. If Santander had processed the cheque before it could verify the payment as genuine then I agree it would've failed to carry out the security checks it deemed necessary.

So I don't think Santander acted unfairly by cancelling the cheque as it wasn't able to verify the payment was genuine before the cut off time and this action is allowed within the terms and conditions of the account where it says that:

“we can stop you making payments, if we reasonably think it is necessary...we can refuse to make a payment, cash deposit or cash withdrawal...to protect you or us from fraud or to ensure we don't breach any law or regulation.”

This is in-line with its regulatory obligations and ultimately, it took this action to protect Mr and Mrs R's interests, so I don't think Santander have acted unreasonably or treated them unfairly here.

But I don't agree that Santander did everything right. It failed to tell Mr and Mrs R that it had already cancelled the cheque when they called up to verify the payment. This caused them further inconvenience having to make a further call and embarrassment them when they were contacted by the beneficiary about the cheque bouncing.

Santander has also agreed that this was a failing on its part and offered £100 compensation for this which I think is fair as the payment was processed within a day and I can't see that Mr and Mrs R have lost out financially due to this error. So on this basis I don't think there is anything more Santander needs to do.

My final decision

For the reasons I've explained, I've decided not to uphold Mr and Mrs R's complaint against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Mrs R to accept or reject my decision before 11 June 2024.

Caroline Davies
Ombudsman