

The complaint

Mr K complains Santander UK Plc treated him unfairly in relation to a payment he needed to make.

Whilst Mr K has brought this complaint with the help of a representative, I will refer to Mr K throughout.

What happened

I issued my provisional decision on this case, inviting both parties to let me have any final comments and information they'd like me to consider before I finalised matters. Below is a copy of my provisional decision and a summary of the responses.

What happened

Mr K travelled abroad, paying for flights and accommodation after securing a date to have some dental treatment. On 14 October 2022, he used his Santander bank card to pay for the procedure up front while at the dental practice, but the transaction was declined. He tried another payment, but this was also declined.

Mr K couldn't understand why as he had sufficient funds in his account to cover the payment and he hadn't had any messages from the bank. He tried calling Santander and after lengthy waiting times he got through, and got as far as speaking to agents but the calls got disconnected.

Because he couldn't resolve the payment issue, Mr K says he couldn't go ahead with the appointment he'd been given and another one couldn't be re-arranged for the rest of his stay.

He returned to the UK and contacted Santander on 20 October, to tell it the payment he'd made was genuine.

Mr K didn't think he'd been treated fairly - he said he would have expected Santander to have contacted him but to hear nothing was unsatisfactory. He raised a complaint and explained he'd lost out financially having paid out for flights and accommodation. He said he'd now have to return at a future date and pay those costs again by which time the treatment would be more expensive. He felt Santander should compensate him for this and for the distress and inconvenience caused.

Santander looked into the complaint, but it didn't think it had done anything wrong. It said, payments from Mr K's account were subject to review in line with the account terms and conditions. If it had any concerns about a payment, it would place a block on the card. It had stopped an earlier payment on 13 October, suspecting it was fraudulent. And so, when a further payment was attempted the next day, due to the restrictions this was declined. While it appreciated what had happened with this payment had been frustrating, this was as a result of the payment the day before which Mr K had later confirmed wasn't authorised. It added that a payment being flagged didn't guarantee automated contact, which it

stipulates on its website. Overall, it didn't think it had made a mistake but to recognise the service in relation to the calls, it offered £75 compensation.

Mr K rejected the bank's offer and referred his complaint to us. One of our investigators looked into it. In summary, while she accepted Santander should have contacted Mr K about the transactions, she didn't think it would have made a difference with him losing his appointment because she couldn't be sure the issue would have been resolved within the window of time Mr K had. She thought Mr K could have tried contacting Santander again if the matter was urgent. But he didn't until he returned.

Mr K didn't agree. In summary, he referred to a note that Santander had made on the account when he'd been speaking with agents on 14 October. He considered it supported his complaint because it showed he had spoken to someone about the payment and that the calls had disconnected three times. He believed at this point, having spoken with him, the block should have been lifted but it wasn't and was responsible for him missing out on his treatment.

What I've provisionally 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.

Mr K in using his card instructed Santander to make a payment from his account. Santander's fraud detection systems flagged the payment for further verification checks. That doesn't in itself amount to a reasonable belief of fraud or unauthorised use. It's simply a trigger that puts the bank on inquiry, causing it to put a block on the account pending further checks. That's what I'd expect a responsible bank to do, and it would be wrong if I were to say that Santander was acting unreasonably in having such a process in place. But this isn't the end of the matter.

The issue is what should have then happened. Santander says contact isn't guaranteed from it and it's referred to a message on its website on this point. I've thought about what it's said however I'm afraid I have some difficulty with how this has been applied in Mr K's individual case. Relevant Payment Service Regulations 2017, specifically section 82 (1) which deals with refusal of payments says,

"Subject to paragraph (4), where a payment service provider refuses to execute a payment order or to initiate a payment transaction, it must notify the payment service user of –

(a) the refusal

(b) if possible, the reasons for such refusal; and

(c) where it is possible to provide reasons for the refusal and those reasons relate to factual matters, the procedure for rectifying any factual errors that led to the refusal.

(2) Any notification under paragraph (1) must be given or made available in an agreed manner and at the earliest opportunity...

...

(4) the payment service provider is not required to notify the payment service user under paragraph (1) where such notification would be otherwise unlawful."

The regulations make it clear that a bank should contact its customer and at the earliest opportunity. So, I find Santander let Mr K down when both transactions were flagged by it. Instead, Mr K contacted it. While Santander has said it doesn't have recordings of the calls it received, it has confirmed it has records of three calls of varying length. One lasting only a few seconds but the other two for a two- and ten-minute duration. The following notes were also placed:

On 14 October 13:57

"customer in [xxxxx] trying to make a payment for £6,593.40 ct to fraud payments"

Followed by a further note at 14:33

"block on card, denied transaction fraud suspected for transaction in turkey, customer has had to call 3 times as keeps getting cut off".

Based on these notes and particularly the latter, Mr K was able to speak to someone at the bank about his account and the difficulty he was having with making a payment. I'm satisfied Santander was aware he was overseas and that the calls were dropping. In the circumstances, I would have expected it to have called Mr K back. But there's no evidence it did. I think this was poor service which would have left Mr K feeling extremely frustrated and exacerbated his initial embarrassment. I'll say more about this below.

It's possible had Santander called Mr K back, the block would have been removed as the payment was genuine. But I don't think that's the end of the matter. When something goes wrong, there is a reasonable expectation that the wronged party should take reasonable steps to stop any harm or loss growing. So, I think Mr K should reasonably have attempted further calls if the payment was time critical. On this basis, I'm not persuaded an equitable remedy would be to hold Santander responsible for the financial losses being claimed. There are, in my view, too many variables to support the claim. But I do think Santander must increase its offer of compensation to recognise the initial impact of its inaction. Taking account of what I've said above, I assess the overall figure to be £300 (inclusive of £75 in its final response). So, I intend to require Santander to pay this.

My provisional decision

My provisional decision is that Santander UK Plc should pay Mr K £300 in total to settle this complaint.

Responses

Mr K responded to say that he accepted the provisional decision.

Santander responded to say that it also accepted the provisional 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.

Given Mr K and Santander have accepted my provisional decision, I fully adopt my provisional decision in full as part of this final decision.

My final decision

My final decision is that Santander UK Plc should pay Mr K £300 in total to settle this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 23 April 2024.

Sarita Taylor
Ombudsman