

The complaint

Ms R complains that Santander UK Plc (Santander) advised her of the maturity date of her fixed rate bonds - but later said it had made an error around the dates and wouldn't pay out the proceeds at that time. Ms R would like Santander to pay the proceeds of the bonds as of the maturity date it gave her when she contacted it for confirmation. She also complains that Santander wouldn't allow early access to her funds even though she thinks she satisfied the "exceptional circumstances" criteria.

What happened

In February 2022, following the maturity of some previous bonds, Ms R took out two, three year fixed rate bonds with Santander. So the new maturity date was 1 February 2025.

Ms R said she tried to find out the exact maturity date using both her online account and asking at a Santander branch – but was advised to call a separate "bond team." Ms R telephoned Santander in May 2023 as she said she wanted to redeem her funds early. Santander told her that wasn't permissible under the terms and conditions – but said the bonds were 18 month products so the maturity date should be in August 2023.

But Ms R says that when she contacted Santander prior to the "agreed" maturity date of August 2023 she was informed that the bonds didn't end until February 2025 and it was unable to pay out the proceeds early as it had told her previously. So Ms R complained. She said she had been informed by Santander that the bonds should mature in August 2023 and had made a financial commitment based on that date. She wanted Santander to honour the maturity date it had given in the earlier telephone conversation.

Santander apologised that Ms R had been given the inaccurate information by one of its advisers in May 2023 – and paid her £50 compensation for the distress and inconvenience she'd suffered. It confirmed the bonds were for three years and reiterated that they couldn't be closed before that period unless there were exceptional circumstances.

Ms R remained unhappy with that outcome, so she brought her complaint to us where one of our investigators looked into the matter. He thought the evidence showed that Ms R was made aware that the bonds were for three years when she took them out. So he didn't think it was fair to ask Santander to pay the proceeds early when its terms and conditions said this could only be done in exceptional circumstances – which he didn't think Ms R met.

But he accepted that Santander had provided incorrect information about the length of time the bonds would run for and thought the payment of £50 compensation was fair and reasonable in the circumstances.

Ms R didn't agree making the following points in response;

- She was disappointed we thought it fair for Santander not to honour the information it gave about the maturity dates of the bond.
- She understood that the bonds couldn't be encashed under normal circumstances but was clearly, and repeatedly, told they would mature in August 2023.

- She made plans and obtained quotes for the refurbishment work she planned to do based on the funds being available from August 2023. She also accepted a higher rate of interest on her mortgage following its renewal based on the available funds.
- The matter had caused her a lot of “*anxiety and disappointment*”.

She asked for the complaint to be referred to an ombudsman – so it was passed to me to decide.

I issued a provisional decision on 12 March 2024, upholding the complaint in respect of an increased award for compensation. Here’s what I said:

“Did Santander make it clear the bonds were for three years at the outset?”

Although Santander accepts that it gave incorrect information about the maturity dates of the bonds when it spoke with Ms R in May 2023 – which I’ll return to later – I’ve begun by considering whether Ms R was furnished with the correct information at the time she took the bonds out in February 2022. Ms R says she agreed to take out the products – following the maturity of some existing bonds, over the telephone. Santander says it doesn’t hold telephone records going back that far so I’m not able to confirm what information was provided during that call.

But I have been provided with a copy of the two letters that were sent to Ms R dated 4 February 2022 confirming the opening of each bond. Both letters confirm the amount invested in the bonds and clearly state that the account is a “3yr 123 fixed rate bond 01/02/2025” and also that interest is paid “from 01-02-2022 to 31-01-2025.”

So I think that’s clear in terms of setting out the length of the bond and I note there’s no mention of any other terms in the letter which might have caused any confusion. Indeed I haven’t been presented with any information from either party to demonstrate that any other length of terms of investment were mentioned either in writing or from conversations.

So there’s nothing to support the claim that Santander either misled Ms R or provided conflicting information against the instruction letter – which clearly set out they were three year fixed rate bonds.

And when Ms R’s request to encash the bonds in May 2023 was denied, I note that as part of her overall reaction she stated that, “I’ll have to wait two more years to do anything”, rather than referring to any other time periods - which supports the idea that she may have been aware the bonds were to run for three years.

Although I have also taken into account that when she called, she did say that the bonds were fixed for two years and had seven months to go – so I accept there may have been some confusion or uncertainty in her mind. I’m also mindful that Ms R says she couldn’t find out the expiry date of her bonds either through her online banking or from a branch when she visited one, so that would support the idea that she wasn’t entirely sure at the very least.

But even if I am wrong in my assumption of what Ms R knew, I haven’t been presented with any evidence to show that Santander – at the point of sale – said that the bonds would run for anything other than three years. So I’m satisfied that Santander acted correctly there.

I’ve also looked at the key facts document (KFD) that would have been provided to Ms R, or was available to her, which set out general information about fixed rate bonds. This was a generic document which set out interest rates for all bonds of one, two or three years. But I

note the interest rate that was set for the three year bond was the same as that noted in the account opening letters. So I can't reasonably say Santander did anything wrong in the way it set them up or in the information that was provided.

The KFD also contained a section entitled "can I withdraw money?" It confirmed, "no, withdrawals and closures aren't permitted during the fixed term. Withdrawals and closures aren't permitted during the fixed term, however these may be considered in exceptional circumstances.

Those exceptional circumstances were essentially on the death of the account holder – or one of them if a joint account.

I've set out that information to confirm that, as I think it set up the bonds correctly, Santander was also entitled to refuse Ms R's request to encash the bonds early. That's because the reason she gave of home refurbishment wasn't an exceptional circumstance. Ms R suggested that if she had set up the bonds in joint names with her mother – who had unfortunately passed away – she would then be able to encash the bonds. And I can understand Ms R's frustration here because the need to use the funds to refurbish the family home arose following her mother's death.

But nonetheless the bonds were in Ms R's name which unfortunately for her meant Santander wasn't obliged to pay the proceeds before maturity as it was outside of the terms and conditions.

So I think Santander did make Ms R aware that she had taken out three year bonds and, according to its terms and conditions, acted fairly when not actioning a request for early encashment.

But Ms R says that during the telephone call of 16 May 2023 Santander advised her differently and said the bonds were actually 18 month products and were due to mature in August 2023. She thinks it should honour that information and pay the proceeds as of that date. So I've looked carefully into what happened on that date and whether Santander should now act differently.

The information provided on 16 May 2023 and its impact

I've listened to a recording of the telephone call Ms R had with Santander on 16 May 2023. The first part of the call focused on Ms R's request to encash the bonds early. The adviser was clear that she was "not able to action that for you today." Ms R acknowledged that she knew Santander's standard terms around withdrawal but put her case to be considered as an exceptional circumstance – which was denied. I've already explained previously that I think Santander was entitled to refuse the request.

But without any prompting from Ms R the adviser then checked out information on Santander's system and said the bonds were fixed for 18 months – so the proceeds should be available from around August 2023. Ms R seemed surprised by that information and asked for confirmation which was given when the adviser reaffirmed the account numbers.

The call ended with Ms R asking if she would get reminders before the maturity date and the adviser said that Santander would issue letters in the post a couple of weeks before the maturity date.

This was clearly an error on the adviser's part. I say that for two reasons. Firstly it contradicted everything that had been said before about the term of the bonds and secondly Santander has confirmed that it doesn't offer bonds for 18 months. So, and Santander hasn't

provided any evidence of how the adviser could have made such an error and provided the information she did, Ms R's expectation was now that she could access her funds within around seven months.

As I've said this was clearly a genuine error and I can't agree with Ms R that Santander should simply pay the proceeds of the bonds thus honouring the incorrect information it gave. This wouldn't be in accordance with its terms and conditions and would put Ms R in a more advantageous position than she ought to be when taking the bonds out. Ms R already knew that she wasn't entitled to the proceeds before the actual maturity date except in exceptional circumstances – which I don't think these were.

But this did have an impact on Ms R because, as she's told us, she started to make plans to have the work carried out on her property and her expectations of receiving the money were raised for that period of around seven months. I can imagine how disappointed she would have been when the funds failed to materialise, and it was confirmed they wouldn't be paid for a further 18 months.

Santander has paid Ms R £50 as compensation for the distress and inconvenience this caused but I don't think that's adequate for the impact this matter had on her. I don't think Santander has compensated her sufficiently for the length of time her expectations were raised or for the inconvenience she suffered when, having started to arrange quotations etc for the house refurbishment, she was disappointed by not receiving the funds. I'm persuaded that Ms R did want the funds for that reason as she gave that as an explanation for wanting to encash the bonds early.

I think that, as result of the impact this had on Ms R, Santander should pay her £150 for the trouble and upset caused. I think that's fair and reasonable in the circumstances."

Responses to the provisional decision

Ms R didn't agree with my provisional decision and wanted the following points and submissions taken into account:

- When she took out the bonds she was told they could only be redeemed in exceptional circumstances – including "bereavement". As that wasn't properly defined to her she took it to include a "*death in the close family*" not simply the bond holder.
- This supported her action in talking out two bonds so that she could access at least one bond if "exceptional circumstances" arose.
- Unfortunately, her mother passed away in February 2023. So, following her mother's death, in May 2023, she decided to begin essential home improvements and looked into the process of accessing the funds from the bonds. It was at this point she first learned that early redemption was only possible on the death of a bond holder.
- But she was also informed that the bonds matured in August 2023 – and that she would receive letters confirming this beforehand. She had no reason to dispute this information, it being provided by the provider that held her bonds.
- She also became aware that information about the maturity date of her bonds wasn't available online – so she had to trust Santander's information.
- When she hadn't received the pre maturity letters she contacted Santander as she was concerned. She was then informed that the bonds didn't actually mature until February 2025. By now she had committed to the costs involved with the home improvements.
- Based on the information she'd been provided with, she didn't believe she could trust Santander with regards to what it said about the whole matter.

Santander accepted the provisional decision and agreed to pay a further £100 compensation.

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.

And having carefully considered Ms R's further submissions I see no reason to depart from my provisional findings. I'll set out my further reasons below.

Ms R's complaint is around two main areas of concern. Firstly, whether she should have been able to access her funds in May 2023 in respect of the "exceptional circumstances" clause within the KFD, and then whether Santander should have honoured the clearly incorrect information it gave her regarding the bond maturity dates. So I've looked at the information that Ms R was provided with when she took out her bond.

Should Santander have allowed early access to the bonds?

Ms R took out the two, three year fixed rate bonds on the telephone. There's no available recording of that call, but I have been provided with copies of letters that Ms R was sent by Santander dated 4 February 2022. The letters noted the amounts invested into each bond and confirmed the accounts were "3yr 123 fixed rate bond 01/02/2025." They also confirmed the period interest would be paid which was "from 01-02-2022 to 31-01-2025."

I know Ms R said there were no details of her bond available online and therefore she was dependent on the information Santander gave her, but from the evidence I've been provided with Ms R was made aware that the bonds were to run for three years and there's nothing to support the claim she was given any conflicting information about their term – until the call of May 2023, which I'll return to later. Ms R was also issued with a KFD which contained important information about fixed rate bonds generally. It wasn't specific to the three year bond, but it did set out the interest rates that applied to all the fixed rate bonds at the time. The rate that was noted for the three year bond was the same as notified in the letters from 4 February 2022. I think this further supports the idea that Ms R did take out three year bonds and that Santander did make that clear to her in its documentation.

When Ms R contacted Santander in May 2023 she first asked if it were possible to access the funds early because she wanted to refurbish her late mother's house. I think it's clear that was important to Ms R at that time. On hearing that the purpose was for home improvements Santander explained it couldn't allow early access to the funds because home improvements didn't meet the "exceptional circumstances" threshold that applied to allowing early encashment.

I've looked at the KFD and in particular the section headed "*can I withdraw money.*" It explained that "*withdrawals and closures aren't permitted during the fixed term, however these may be considered in exceptional circumstances.*"

These were confirmed as being, "*if the account is held in a single name, the account can be closed in the event of the account holder's death or allowed to continue until maturity in the name of the deceased.*"

If the account is held in joint names and one of the account holders dies, the account will belong to the remaining account holder and the account may be closed or amended to be held in the remaining account holder's name.

The account can only be closed in the event of an account holder's death. If an account holder dies, please let us know."

So I think it was clear, from the only written literature I've seen that sets out whether a bond could be accessed before it matured, that the only circumstance in which that were possible was on the death of an account holder(s). These bonds were held by Ms R so the clause around the death of an account holder didn't apply in this case. Ms R says she was told the bonds could be encashed in the case of a bereavement – and as this wasn't explained clearly to her she assumed that it would apply to a bereavement within her family. But I've seen no evidence to suggest that Santander either stated that or gave that impression either within its literature or within the telephone call of May 2023.

So I can't reasonably say that Santander acted incorrectly or unreasonably when denying Ms R access to her funds before the maturity date, and I think it acted within the terms and conditions set out in its KFD - which I don't think could be considered to be unfair.

The second part of Ms R's complaint is that after she requested the early release of her funds she then asked Santander to confirm the maturity dates of the bonds and was provided with incorrect information. She says this led her to commit to the house renovations and assumed she would receive her funds some months later. She thinks Santander should have to honour the maturity dates it gave her.

Santander's incorrect information of 16 May 2023

I've listened carefully to the call that took place that day. And it's clear that Santander said the bonds were fixed for 18 months so should mature in August 2023. This information was confirmed when Ms R seemed surprised by what she'd been told. The adviser also confirmed that letters would be sent before the maturity date confirming the amounts and dates.

So, Santander did provide incorrect information because, as I've already said, all the post-sale information that had been provided confirmed Ms R had taken out three year bonds. I'm also satisfied that Santander doesn't actually offer 18 month bonds so it's not clear how this information was obtained or what the adviser saw on her system to reach such a conclusion. But nonetheless this did raise Ms R's expectations of when she would receive her funds and I can understand her reaction in terms of making plans to start her home improvements. This expectation was raised for around three months, and I can understand how frustrated Ms R would have been when she was told the funds wouldn't be available for another 18 months.

I think Santander needs to compensate Ms R for these raised expectations, but I don't think it should have to honour the incorrect maturity date it gave. That's because all the evidence confirms that these were three years bonds and there was little capacity for early encashment outside of the exceptional circumstances – which I've already explained Ms R wasn't eligible for.

But Santander did raise Ms R's expectations of when she might get her funds and I don't take lightly the disappointment and inconvenience she was caused when she didn't get her money having committed the funds to home improvements.

Putting things right

I've considered this matter carefully and I think, as result of the impact this had on Ms R, Santander should pay her £150 in total – so an additional £100 - for the trouble and upset caused. I think that's fair and reasonable in the circumstances.

My final decision

For the reasons that I've given I uphold Ms R's complaint against Santander UK Plc and direct it to pay her an additional £100 – to make £150 in total.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 29 May 2024.

Keith Lawrence
Ombudsman