

The complaint

Miss R is unhappy that Santander UK Plc blocked a £25,000 payment that she instructed.

What happened

Miss R was buying a house and needed to make a £25,000 payment to a solicitor. However, when she tried to make the payment from her Santander bank account, Santander's fraud prevention systems flagged the payment for further checks and blocked the payment from completing. Miss R wasn't happy about this, so she raised a complaint.

Santander responded to Miss R but didn't feel that they'd done anything wrong by flagging the payment for further checks as they had. Miss R wasn't satisfied with Santander's response, so she referred her complaint to this service.

One of our investigators looked at this complaint. But they didn't feel Santander had acted unfairly in how they'd managed the situation and so didn't uphold the complaint. Miss R remained dissatisfied, so the matter was escalated to an ombudsman for 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.

Fraud prevention systems are used by all financial institutions to flag account activity that may be of concern and to prevent further usage of an account where it's felt that there is a possibility that fraud may be potentially occurring. Indeed, it must be noted that financial institutions such as Santander have an obligation to employ such systems to comply with banking regulations which require banks to have systems in place to protect their customers' accounts, as much as possible, from acts of attempted fraud.

Additionally, it's incumbent on banks to employ these systems with a degree of vigilance – to err on the side of caution, as it were – which unfortunately means that there will be instances where legitimately authorised transfers are flagged erroneously by the fraud prevention systems. And I'm satisfied that this is what happened in this instance.

Miss R has said that she told Santander in advance that she was in the process of buying a house, and she feels Santander should have taken this information into account and not blocked the payment. But it isn't generally possible to pre-authorise a payment in the manner that Miss R suggests, because that would entail an increased risk to acts of genuine fraud if they were attempted at a similar time to the expected payment.

I can appreciate how it would have been frustrating and worrying for Miss R that her £25,000 payment was blocked. But it doesn't necessarily follow that because Miss R experienced some anxiety and inconvenience because of the blocked payment that she's been treated unfairly by Santander. Instead, I feel that Santander have acted fairly and with the security of Miss R's account in mind, and that therefore any trouble and upset that Miss R may have incurred because of what happened was unfortunate and necessary – but not unfair.

It's also notable that when Miss R called Santander, the matter was resolved relatively quickly. Indeed, when Miss R spoke with Santander, she suggested that the agent should instruct the payment again. But Santander's agent was concerned that this might result in a duplicate payment being sent and suggested that Miss R wait for a few hours to see if the required checks were completed by Santander's fraud team so that the payment Miss R instructed initially was released. And the initially instructed payment was released by Santander and received by the solicitor later that day.

I also feel it's important to consider an alternative scenario here, which illustrates why fraud prevention systems are a necessary feature of modern banking practices. In this scenario, Miss R was being defrauded of £25,000, but the further checks undertaken by the bank prevented this from happening. Miss R would clearly be happy about this.

Of course, Miss R wasn't being defrauded in this instance. But I present this scenario to explain why I feel that a system which errs on the side of caution and which results in a relatively low amount of inconvenience on most occasions, as fraud prevention systems do, is preferable to a system which doesn't trigger as often but which has a higher probability of genuine fraud not being prevented.

Ultimately, it doesn't seem unreasonable or unfair to me that Santander blocked what was a relatively unusual payment made by Miss R for further checks. And while I accept Miss R may have been worried and inconvenienced by the payment being blocked, I don't feel that she was treated unfairly by Santander. Rather, I feel that the concern and frustration that Miss R experienced is an unfortunate consequence of the understandable and necessary need for banks to use fraud prevention systems as part of their account security measures.

I realise this won't be the outcome Miss R was wanting, but it follows from all the above that I won't be upholding this complaint or instructing Santander to take any further or alternative action here. I hope that Miss R will understand, given all that I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 26 June 2024.

Paul Cooper
Ombudsman