

The complaint

Mrs J complains, via a representative, Santander UK Plc mismanaged her account, blocked access to her account and provided poor service after she discovered fraudulent activity on it.

What happened

In September 2023, Mrs J and her representative visited a branch of Santander. During this visit, Mrs J and her representative said they discovered a third party, a relative of Mrs J, had fraudulently used her account. Mrs J said she asked for online banking to be removed explaining she hadn't set it up. She also said she asked for statements to be posted out to her for the previous nine months and all cards associated with her accounts to be cancelled. During this visit, Mrs J's representative called the police and reported the fraud.

A few days later Mrs J gave a statement to the police. She explained her representative helped her to telephone Santander to update about this development and to confirm all online banking had been stopped. Mrs J said Santander's customer service made it very difficult for her to report this. Mrs J said the customer service representative '*didn't know what to do*'.

A few days after, Mrs J's representative called Santander's telephone banking. She explained her representative had been trying to set up internet banking and add her Santander card to her Apple Pay wallet on Mrs J's mobile phone. During this setup she discovered the email address of the third party Mrs J suspected of the fraud linked to her Apple Pay. Mrs J explained she wanted to advise Santander of this development immediately and supply the crime reference number, which she now had.

Mrs J's representative passed the phone to Mrs J to pass security, however, Mrs J explained, due to her medical condition, she sadly couldn't remember her representative's name when asked. Santander therefore locked down Mrs J's account, explaining she would have to visit branch with photo identification to unlock it. Mrs J explained a simple process of passing some details to Santander ended up with her account being locked.

Mrs J believes Santander '*overreacted*' leaving a vulnerable person with no access to money. Mrs J explained her representative had to send her cash so she could buy food during this period. She was also unable to pay care bills, was behind on her gas, electricity and council tax bills and this was affecting her already poor health.

Towards the end of October Mrs J and her representative visited a different branch of Santander. She explained she wanted to unlock her account, set up a 5% saving account with Santander and set up her mobile banking app. Mrs J and her representative also wanted to enquire where three large transfers she had noticed on her account had gone.

Mrs J explained, despite taking in the requested documentation and spending a considerable amount of time in the branch, the account was not unlocked during this visit.

She said advisers in the branch looked at police investigation updates on her representative's phone and asked for a photo of them together, which she had not previously been asked to bring. Mrs J explained the branch adviser was talking to the fraud team on the phone throughout. Mrs J said it appeared the person who knew how to process locked accounts wasn't working that day, so the branch couldn't unlock the account. She said

despite all their efforts they had to leave after two hours with the account still locked and unable to make the transfer to a saving account with a better interest rate.

Mrs J explained how hard it had been for her to get photographic ID, she had recently changed addresses so had to get her ID updated. She also said Santander were not clear about what type of photograph was required which led to her not being able to unlock her account.

Mrs J's representative wrote a letter of complaint to Santander in early November 2023 highlighting the issues Mrs J had suffered with Santander's customer service. Santander did not respond to this letter and said it had not received it. Mrs J's representative has since provided evidence the letter had been received and signed for by Santander.

Mrs J explained she has not received the statement she requested when she first visited Santander, which has delayed her and her examining the disputed transactions in detail.

Mrs J said her original intention was to set up a saving account with Santander and transfer nearly all her funds to that account when she visited the branch. She has since provided details of an account with a third party where she has transferred her funds too. Mrs J's representative also explained the intention was to hold some funds in a higher interest account for a year. This evidence shows the date she was finally able to transfer the funds to this account.

Mrs J's representative explained they thought the checks were significantly more intrusive than when she had visited Santander with the third party fraudster earlier in 2023, explaining no ID was requested when she visited then and the third party was able to provide their mobile phone number to Santander for her account.

Santander explained in response it had locked Mrs J's accounts for her own protection after receiving reports a third party had been making unauthorised payments. Santander explained Mrs J had attended branches on several occasions with this third party, she had also verified payments and given permission for the third party to speak on her behalf. The account was only unlocked in March 2024, when Mrs J's representative assisting with this complaint, obtained and provided Power of Attorney (POA).

Our investigator thought there had been poor service by Santander, explaining they didn't think Santander had done enough to assist Mrs J and opportunities to provide clearer communication were missed. They recommended compensation of £500, and that Santander should pay the difference in interest Mrs J could have earned between 28 October 2023, when she intended to open the savings account, and when the account was finally opened in March 2024 and the funds finally transferred.

Mrs J rejected the compensation offered explaining she thought it was too low and she wanted Santander to be *'hit harder'* with *'the biggest charge you can'* explaining she would donate the compensation to charity. Mrs J also explained her representative had to travel significant distances to get money to her and as there was *'more than one person affected'* didn't think the £500 was enough, suggesting it should pay *'double'* that amount or make a large donation to a charity.

Santander also rejected our investigators recommendation. It accepted it would pay the interest as recommended, but thought the compensation was too high for the issues outlined in the recommendation. Santander suggested a lower figure was reasonable and fair for the customer service issues highlighted.

As both parties rejected the recommendation, this complaint has been passed to me to make a final determination.

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.

Where evidence is incomplete, inconclusive or contradictory, I have to make decisions on the balance of probabilities – that is, what I consider is more likely than not to have happened in light of the available evidence and the wider surrounding circumstances.

I was sorry to hear of the difficulties Mrs J has experienced. I note a complaint regarding whether Santander are liable for any unauthorised transactions has not been raised by Mrs J with Santander. Therefore, this final decision is purely dealing with the issue of customer service as complained about and explained above. To be clear, our service cannot make any determination regarding whether Santander are liable for any of the alleged fraudulent transactions on Mrs J's account, as Santander have not investigated and provided a final response.

I appreciate how strongly Mrs J feels about her complaint. Although I may not mention every point raised, I have considered everything but limited my findings to the areas which impact the outcome of the case. No discourtesy is intended by this, it just reflects the informal nature of our service.

Taking the above into consideration, the issue for me to determine here is whether I think there have been failings by Santander and if so, what Santander should do to remedy this.

Firstly, as it has apparently been agreed by both party following a series of responses to the recommendation, I find Santander should pay the difference in interest as set out below and as recommended by our investigator.

Having considered the evidence, I am satisfied it shows, on balance, Mrs J wanted to transfer funds to a higher interest account when she visited a branch in October and has since done so soon after her account became unlocked. I therefore have no reason to doubt Mrs J's intention was to transfer these funds to an account paying better interest and she was not able to.

Moving now on to the issues Mrs J has complained about, I think it is important first to recognise the reasons why Santander locked Mrs J's account. The evidence suggests Santander were concerned about payments during the summer of 2023 and locked the account several times, requiring Mrs J to attend a branch with ID – which she did. There were also phone calls between Santander and Mrs J where the third party spoke on behalf of Mrs J after Mrs J passed security, with her apparently still present.

This all happened prior to Mrs J's representative becoming aware of the alleged fraud and appears to have been triggered earlier by Santander's internal processes following a second queried transaction.

I can see why, considering this background of previous transactions, Santander blocked the account when Mrs J and her representative called and she didn't pass security. I do not think this action was unreasonable and appears to have been an understandable reaction to a difficult situation. On balance, having considered the evidence, I think this decision by Santander was reasonable.

Furthermore, I think in these circumstances without a POA it would have been difficult for Santander to establish who should act on behalf of Mrs J to unlock the account. The third party has a similar relationship to Mrs J as her representative and had also advised Santander they were seeking POA themselves. Santander's focus appears to have been on securing her account from further fraud, which would have meant locking down the account as it did.

However, whilst I think this was a correct and reasonable response, having considered the evidence, I don't think on balance Santander appropriately or accurately explained to Mrs J or her representative what was required to unlock the account and provided poor customer

service after they visited the branch in October. The details are known to both parties, but I have highlighted them in brief below:

- Mrs J has evidenced she sent a complaint letter to Santander in November 2023 which it received, yet this complaint was not registered or investigated.
- The evidence suggests there appears to have been a lack of communication with Mrs J about what she and her representative needed to do to unlock her account. I haven't seen letters or notification which were sent to Mrs J during this period clearly explaining what had happened or what she needed to do. I consider this caused unnecessary distress and inconvenience.
- I have seen no evidence Santander made reasonable efforts to help Mrs J after it locked her account, despite being advised of her vulnerabilities.
- The evidence suggests Mrs J was not advised correctly about what ID she needed to take into the branch to unlock her account.
- This caused Mrs J and her representative to visit a branch without being able to unlock her account, transfer funds or understand fully why the account remained locked even after visiting the branch.
- Mrs J requested nine months' worth of statements during one visit to a branch so she could investigate and highlight the fraudulent transactions, Santander failed to send these statements. Because of this, there has been a delay in Mrs J being able to highlight to Santander the fraud on her account
- There is evidence of poor customer service when Mrs J called Santander to pass on information.

This list is not exhaustive, I appreciate there have been other matters raised by Mrs J regarding customer service, including debit card provisions, as the complaint has progressed. I now need to consider the compensation for the issues I have seen.

I appreciate part of the reasoning for Mrs J's rejection of our investigator's recommended compensation was because she wants our service to fine Santander for its failures. To be clear, our service does not have the legal power to do this, as an Ombudsman service we can only determine compensation based on our guidelines. Mrs J also made the point she wanted higher compensation because her representative had been impacted. Our service can only award compensation to the eligible complainant, in this case Mrs J. The rules which govern our service explain we cannot award compensation for distress and inconvenience caused to a representative.

So, in determining a fair and reasonable level of compensation, I must consider the effect directly on the account holder. In this circumstance, I can see and accept Mrs J has been affected by the issues highlighted above, for example, there is evidence she has asked daily what was happening with her account. I have also noted the concerns raised by Mrs J's representative regarding other significant comments she has made during this period and her obvious vulnerabilities.

However, I also need to consider and weigh up to what extent this distress was caused by the circumstances of the fraud, and the necessity to lock down her account, rather than the reaction of Santander. Whilst I appreciate it is difficult to unpick this, I am persuaded part of the distress has been caused by the third party. We cannot hold the business accountable for this, but we can consider whether the businesses response and actions, exacerbated the distress and inconvenience unnecessarily.

Having considered all these aspects, for these reasons I have given, I think the compensation our investigator recommended of £500 was fair and reasonable. I appreciate both Santander and Mrs J may disagree.

I understand Santander believe the compensation offered was too high for the issues outlined above. But I think there was a lack of recognition of the vulnerabilities of Mrs J, having considered the comments from her representative, I think she did suffer some distress and inconvenience over several months caused by Santander. This persuades me on balance compensation should be higher than Santander has offered.

I appreciate Mrs J thinks the compensation is too low. For the reasons I have given, I do not think I can award a higher level of compensation, I think this award is in line with what our service expects for what Mrs J sadly experienced.

Finally, I appreciate Mrs J has mentioned taking legal action. The Financial Ombudsman Service is alternative dispute resolution service. It is an alternative to Court and doesn't replicate its role. If Mrs J rejects this final decision, she can still pursue legal action.

My final decision

For the reasons I have given, Santander UK Plc should pay £500 compensation to Mrs J.

Santander UK Plc should pay the difference in interest between the interest earned on her current account between 28 October 2023 and the date Mrs J transferred the balances to her new saving account after it was unblocked at 4.75% (AER) or 4.65% (gross).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 7 October 2024.

Gareth Jones
Ombudsman