

The complaint

Mrs B complains about Santander UK Plc's policy and procedure for checking transfers to third parties meant that she was treated very badly and inconvenienced.

What happened

Mrs B wanted to pay around £6,000 to a building contractor. She attempted the transaction via her banking app, but this was blocked by Santander, and she called the bank and was asked a series of questions. Mrs B then went to a branch of Santander where she said she was asked the same set of 'downright cheeky impertinent questions'. Mrs B said Santander refused the transfer until she asked to speak to the manager.

Mrs B was very upset with the treatment she received from Santander when trying to make the payment. She considered its questions to be intrusive and said she had never been treated with such a disrespect before. She said she should be at liberty to make the payments that she wants to make. Mrs B complained to Santander.

In its response, Santander said Mrs B's payment was flagged for security, and questions were then asked about the transaction. It said to protect customers from fraud and scams it has automated systems in place. One of its systems checks transactions on accounts and if it deems any to be suspicious, it may restrict the transaction until it can be verified.

Santander said that it asks customers questions when money is moved and this is when it is paid in, withdrawn, or a payment to a third party as with Mrs B's transaction. Santander said it can appreciate that the questions can feel intrusive, but it must ask these questions by law with the aim of protecting customers and their money from scams, fraud and financial crime.

Mrs B wasn't satisfied with this response and referred her complaint to our service. She said Santander's delay in making the payment put a strain on her relationship with the contractor.

Our investigator didn't recommend the complaint be upheld. He said Santander has a duty to protect its customers' money and must have systems to detect potential fraud and scams. He said Mrs B's transaction was flagged by the automated fraud prevention system and she was asked to call Santander. He said if Santander hadn't spoken to Mrs B and she had been scammed, then Santander would potentially be responsible for reimbursing the money.

The investigator listened to the call and said the blocks could've been removed if Santander had been satisfied with Mrs B's answers, but it wasn't clear from the answer she first gave – and she subsequently terminated the call. Had she told Santander that the payment was for her contractor and answered yes or no to follow up questions then it would've been resolved. He thought Santander had acted reasonably and fairly and in line with what most banks and building societies would have done, and he explained we can't change how banks operate.

Mrs B wasn't satisfied with the investigator's explanation of what had happened and wanted to take it further, 'regarding human rights and bullying to protect others from this appalling treatment'. She said she clearly told Santander the contractor had finished, and she owed the money 'and still got the third degree for hours like a criminal'.

Mrs B's complaint has been referred to me as an ombudsman to issue 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.

I'm pleased that the payment Mrs B intended for her contractor was processed by Santander, albeit belatedly. However, I was sorry to learn that what could have been a straightforward transfer turned into a frustrating and insulting experience for Mrs B. Part of my role is to determine whether what took place was reasonable and whether Santander followed the regulatory process correctly.

I can see from Santander's records that Mrs B's payment was flagged by Santander's automated fraud prevention system for checking. Santander's anti-fraud policy then requires its staff to ask the customer questions about the nature and intention of the payment in order to verify that it won't cause the customer or the bank to be defrauded. As this must take place before the payment is processed it was correct of Santander to speak to Mrs B about it. The payment was blocked at 10.33 on 12 May 2024 and unblocked at 12.57 the same day.

Santander asked Mrs B to call. I've listened to that call and was very sorry to see that the questions put to Mrs B caused her to feel degraded, insulted, interrogated like a criminal, and anxious about being able to access her own money. Santander's member of staff runs through the script of questions we regularly hear put to customers in Mrs B's circumstances. By their nature they are intrusive, but neither the questions themselves or the manner in which they were asked appears to be insulting or degrading.

In answer to specific points Mrs B has raised with us about the call, she wasn't asked about the relationship with her contractor, and she wasn't accused of lying, she was asked if anyone had asked her to lie to the bank. Perhaps the questions to which she refers were put to her in branch, but we don't have a record of these conversations.

Mrs B has said there were other calls, but Santander's records don't show any other calls with Mrs B and there's no reference to one in the call I listened to. I know Mrs B feels very strongly on this point. However, given the transaction was blocked for less than three hours and she visited the branch twice in that time (the first time with incorrect account details for the payment and the second time when her payment was unblocked following a further conversation), there wouldn't appear to have been much time or need for another call.

All financial institutions holding customer funds are required by their regulator, the Financial Conduct Authority, to put in place systems that reduce and interdict transactions that may be carried out for the benefit of fraudsters. I don't know how many times this approach by Santander and the other financial institutions will have prevented fraudsters from benefitting from customer accounts, but I'm sure that millions of pounds have been diverted from the alarming range of fraudulent enterprises by the type of questions put to Mrs B.

Santander flagged the payment as it was large and unusual to Mrs B's account. Mrs B describes herself as a go to person in terms of money advice, and I've no doubt that she is very aware of the many and various means by which bank customers can be defrauded. I'm sure then that she will be aware that large, isolated payments of the type she was making are the source of most criminal activity and are rightly considered by banks to be high risk. I'm also sure that she is aware that a process put in a place by a bank cannot immediately distinguish between a genuine or a potentially fraudulent transaction, and this can only be achieved by requiring staff to put scripted questions to customers.

It seems likely to me that Mrs B takes steps to protect herself from being a victim of fraud, but Santander cannot reasonably be expected to operate an anti-fraud policy that differs for individual customers. Santander's policy is relevant to her circumstances, but I'm sorry to see how much offence it has caused her.

And so in answer to Mrs B's points about the unnecessary intrusion from Santander, and that its policy should be 'completely illegal', I sympathise but I disagree. These questions are necessary, and they apply equally to a cash withdrawal. Mrs B is correct to say that she should have the right to withdraw her funds for whatever she wants but preventing fraud is a requirement on banks and to be effective has to be part of the customer transaction process.

I think the measures that Santander has put in place will help reduce the risk of crime and help to safeguard its customers and their money. And so it would not be fair for me to uphold Mrs B's complaint due to the hurt that and anger she has been caused.

I realise that Mrs B will be very disappointed by this outcome though I hope she appreciates the reasons why it had to be this way. By rejecting this decision all options remain open to her.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 20 August 2024.

Andrew Fraser
Ombudsman