

## **The complaint**

Mr S complains Santander UK plc (Santander) took too long to refund money taken fraudulently from his bank account.

## **What happened**

The background facts are well known to both parties, so I will only cover these briefly.

All parties agree funds were fraudulently taken from Mr S's account, resulting in a £2,990 loss to him, and that Santander initially incorrectly declined his claim for a refund. Santander eventually refunded Mr S the full amount, but it took them four months to do this. What's still disputed is the compensation Santander offered for the impact of the delayed refund

Santander accepts they should have refunded the amount sooner. To make up for this, they have offered Mr S 8% interest on £2,990 from the time the claim for the fraudulent transactions was first declined until it was refunded, as well as £200 compensation for any distress and inconvenience caused.

Mr S is unhappy with the compensation offered. He says the delay in receiving the funds meant he was unable to complete an ongoing property purchase, for which he paid £500 in solicitors' fees towards. He believes he should receive at least £500 for the distress and inconvenience caused and a further £500 for the non-refundable solicitors' fees he paid but lost the benefit of.

The investigator said Santander's offer was fair. Since Mr S is unhappy with that outcome, the complaint has now been passed to me.

## **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.

In this decision, I'm looking at whether Santander's offer is fair, given the impact the delayed refund had on Mr S. This includes a review of how the delays caused him distress and inconvenience and whether they also caused Mr S any direct financial loss that Santander ought to be held responsible for.

Looking at the timeline of events, I can see Mr S made an offer for the property around eight days before the fraud occurred. Completing the purchase would have involved putting down a £34,000 deposit.

After monies were fraudulently taken from his account, Mr S received correspondence from his solicitors confirming it would cost him £500 in necessary legal work for completing the purchase. To show this, Mr S provided an email from his solicitors in January saying "please

confirm if you are happy for us to use the monies on account to order searches on your file. Please note the searches [are a] non-refundable payment to our third-party search provider". Mr S has also provided an invoice from his solicitors charging him £500. This was for "pre-contract searches" and "litigation support" and is dated 23 January 2024. So, I'm satisfied Mr S did pay £500 in solicitors' fees that are related to the property purchase. However, as Santander declined Mr S's claim on 2 January 2024, I'm also satisfied that he paid the fees after money was fraudulently taken from him, and after Santander declined his claim.

I sympathise with Mr S's position that because a friend who works in the industry told him "there is no reason why [Santander] shouldn't refund the cash" he decided to continue with the property purchase. Mr S says he believes that any rational person would have realised that this was clearly fraud. However, importantly Mr S had received no assurances from Santander that a refund would be forthcoming. And he ultimately made the decision to continue with the property purchase and incur the £500 non-refundable fee without having any guarantee as to when, or if, he'd receive a refund.

Because of this I don't think it's fair to say the reason he incurred this fee and lost the benefit of it was a direct consequence of Santander's actions. While Mr S may have very good reasons to continue with the house purchase - ultimately, I can't say that his decision to do so (and incur the £500 fee) was due to Santander's actions.

In addition, there are many reasons property purchases, which are complex processes, can fall through. On the evidence, I'm not satisfied Santander's failure to refund Mr S the £2,990 sooner was likely the only reason why the purchase didn't complete or directly resulted in it not completing.

Mr S also believes that he should receive at least £500 to compensate him for the stress caused and fear that this could happen again, and Santander wouldn't do anything about it. Santander appreciates that there was distress and inconvenience caused to Mr S and has offered him £200 for this. I don't think this is unfair or unreasonable. I'm sorry that Mr S went through this experience, and I'm pleased that the funds have now been returned to him. But the root cause of this fraud was the fraudster so when considering what Santander should award for distress and inconvenience, I have to separate out the distress caused from the fraud itself and focus solely on any distress caused by Santander's actions. I've also considered the fact that this would have likely been a stressful time for Mr S anyway as he was in the process of purchasing a property.

Our service has an approach to compensation for distress and inconvenience which tries to be fair to both consumers and businesses and focuses solely on the impact any mistakes had on consumers. Our awards are not meant to punish businesses.

Santander has agreed to compensate Mr S 8% on the funds that should have been returned to him sooner from the day the claim was incorrectly declined until the date refunded. This is to compensate him for the loss of the use of money. And I think this is a fair way to compensate him for this.

Considering how long this went on for, the steps Mr S had to recover his funds, and the impact on him, I also think the £200 offered by Santander, on top of the 8% detailed above, is fair and in line with our approach. Because of this I'm not asking them to increase this amount.

### **My final decision**

My final decision is that I uphold this complaint. Where Santander UK plc has not already done so, it should:

- Pay Mr S £2,990
- Pay Mr S 8% simple interest per year on £2,990 from the time the claim was first declined until the date Mr S is refunded. If Santander deducts tax from this interest, it should send Mr S the appropriate tax deduction certificate.
- Pay Mr S a further £200 in compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 22 November 2024.

Sureeni Weerasinghe  
**Ombudsman**