

The complaint

Mrs and Mr J complain about the way in which Santander UK Plc dealt with a CHAPS payment.

What happened

On 14 November 2023, Mrs and Mr J attended their local Santander branch and asked staff there to set up a CHAPS payment on their behalf of £500,000 from their joint account to an investment account. They provided the beneficiary account details and paid a £25 transaction fee.

Mrs and Mr J say they were informed that the payment would usually take 24 hours. As their payment was made before lunchtime, they expected it to be received by the beneficiary the same day. But they said this didn't happen and there was a delay in the funds crediting the receiving account.

Mrs and Mr J said they checked their account daily to try and understand where the funds were. They also spoke with the Santander call centre twice on 16 November 2023 and reattended the branch they'd asked to set up the CHAPS payment.

Mrs and Mr J said Santander told them a trace had been put on the funds and advised that the payment could take up to 48 hours to reach the beneficiary. But the money didn't credit the receiving bank until 20 November 2023.

Mrs and Mr J weren't happy with the delay in the funds crediting the receiving account. They were also unhappy with the way in which Santander had communicated with them during the time that their funds were delayed. So, they complained about what had happened.

To resolve their complaint, Mrs and Mr J informed Santander that they wanted it to provide an explanation for the delay in their funds crediting the beneficiary, a refund of the £25 CHAPS transaction fee, a refund of interest and compensation of £1,000 for the trouble and upset they'd been caused.

On 11 December 2023, Santander issued its final response to Mrs and Mr J's complaint. It explained that the payment hadn't cleared until 17 November because additional checks had been undertaken. It stated their funds were released once the additional checks had been completed. And it said it hadn't made any errors in undertaking those checks or delaying the payment for the additional checks to take place.

Santander apologised that Mrs and Mr J hadn't been informed at the time they made their CHAPS payment that additional checks may be undertaken, which could delay the payment reaching the beneficiary. And as a gesture of goodwill, Santander refunded the £25 transaction fee Mrs and Mr J had paid. It also credited their account with £264.43 to cover the loss of interest between 14 and 17 November 2023.

Being dissatisfied with the outcome Santander had proposed, Mrs and Mr J referred their complaint to our service. Our investigator looked into it and recommended partially upholding

the complaint. They weren't persuaded Santander had made an error in stopping Mrs and Mr J's payment for additional checks. But they recommended it pay £100 in compensation to recognise the distress and inconvenience Mrs and Mr J were caused while the whereabouts of their payment was unknown.

Santander agreed with our investigator's recommendation. But Mrs and Mr J rejected the outcome. So, I've been asked to decide the fairest way to resolve this complaint.

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've read and considered all the information provided by Mrs and Mr J and Santander, but I'll concentrate my decision on what I think is relevant to decide the complaint. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I'm sorry to hear about the difficulties Mrs and Mr J experienced here. I recognise that they feel very strongly about the issues raised in this complaint. But what I need to consider here is whether I think Santander made a mistake, or treated Mrs and Mr J unfairly, such that it needs to now put things right. And, having thought carefully about everything they and Santander have said, I've reached the same conclusions as our investigator. I appreciate Mrs and Mr J will be disappointed by this outcome. But I hope they can understand the reasons behind my decision.

As I set out in the background to this complaint, Mrs and Mr J attended their local Santander branch on 14 November 2023 to make a CHAPS payment of £500,000. This payment was for a substantial amount and Mrs and Mr J said they were informed by branch staff that their payment would reach the beneficiary the same day.

During their branch visit, Mrs and Mr J were asked questions about the purpose of their transaction. I say this because the business records I've seen show that Santander asked questions to determine whether Mrs and Mr J had been unduly influenced to transfer funds to the recipient account. Based on the size of the transfer I'm persuaded that Santander asked appropriate questions and took reasonable steps to determine whether the transaction was potentially fraudulent.

I understand that Mrs and Mr J thought their CHAPS payment would credit the beneficiary on the date it was made. But that didn't happen until six days later. So, I've carefully considered whether that delay was caused by an error on the part of Santander.

The terms and conditions of Mrs and Mr J's account with Santander outline that CHAPS payments made in branch before 3 pm usually credit the recipient the same day. This is in line with the information provided to Mrs and Mr J by branch staff on 14 November 2023. So, I can understand why Mrs and Mr J expected their payment to reach the beneficiary the same day and why they were caused worry and upset when that didn't happen.

The terms outline that Santander may undertake security and other checks to ensure the payment can be made. The terms go on to explain that Santander won't make the payment until it has completed its checks. This satisfies me that the terms that apply to Mrs and Mr J's account explain in clear terms that transactions may be the subject of additional checks and that this can cause delay, which is what happened here.

I recognise that Mrs and Mr J were upset by the delay caused by the additional checks that were undertaken. But the Financial Conduct Authority requires financial institutions to have robust processes in place to safeguard customer accounts from potentially fraudulent transactions and scams. This means that, even though inconvenience can be caused to a customer, financial institutions must prioritise security; preventing fraud is as important for the bank as it is for its customers.

It's not uncommon for banks to encounter fraudsters who use various methods to attempt to transfer funds out of accounts, and this is why CHAPS payments can prompt security checks. It's not unreasonable for it to have processes in place to check whether payments are fraudulent. This was just as much for Mrs and Mr J's protection as it was for Santander's.

Santander has explained that it has an automated fraud monitoring and prevention system in place which looks to highlight transactions that may be out of character or fit known fraud trends. It doesn't share what the criteria is that may prompt an additional check in the interests of security and that's not unreasonable. But here, Mrs and Mr J's CHAPS payment was a large amount. So, I can understand why Santander had cause to be vigilant. And I think it was reasonable for the payment to be flagged by the automated fraud monitoring and prevention system and for additional checks to be undertaken in such circumstances.

I understand that when Santander subjected Mrs and Mr J's CHAPS payment to additional checks it was an inconvenient and frustrating experience – especially given that this transaction was genuine. But Santander's automated fraud monitoring and prevention system was triggered, and the payment therefore had to be reviewed before it could be authorised by Santander, which took time.

I recognise that, prior to the additional check being undertaken, questions had already been asked in branch about the purpose of the CHAPS payment. But this wouldn't override the fraud monitoring and prevention system, which is automatic and independent of any in-branch checks. So, I'm not persuaded that any action could have been taken by the branch on 14 November 2023 to prevent the payment subsequently triggering an additional check.

Mrs and Mr J appear to be unhappy with Santander's fraud prevention process. But it's entitled to determine its own policy in relation to fraud checks. We can't comment on whether a business' policy is 'right' or tell it that its policy should be changed. But in the individual circumstances here, I'm satisfied Santander followed its own policy on security checks here and that this was a fair action for it to take.

I realise that Mrs and Mr J see it very differently, but I think Santander acted reasonably in taking action here to safeguard their account given the amount of money they were transferring. I'm also satisfied, based on the evidence I've seen, that the checks carried out by Santander were completed within its usual timescale. It therefore hasn't made an error.

I recognise that while the funds were released by Santander on 17 November 2023, which was when the additional checks were satisfactorily completed, they didn't reach the beneficiary until three days later. Mrs and Mr J believe that additional delay was caused by Santander. But they haven't made enquiries with the beneficiary to confirm that. And the evidence I've seen doesn't support their view. Instead, it's likely that the payment Mrs and Mr J made was subject to checks on crediting the recipient's account given the size of the transfer, which may explain the additional delay here. That's not something for which I can fairly hold Santander responsible.

The final part of this complaint concerns the information Santander provided Mrs and Mr J about the whereabouts of their funds. So, I'll address that issue next.

Santander accepts that Mrs and Mr J weren't informed that additional checks may be carried out on their CHAPS payment during their branch visit and that this could delay the payment reaching the recipient. It's apologised for this but stated that, at the time the payment was made, it wasn't branch policy to share this information with a customer. As branch policy was followed at the time the CHAPS payment was made, I can't fairly find Santander made an error in not disclosing this information to Mrs and Mr J or say that was a shortfall in service.

I'm pleased to see that Santander has taken on board that branch process didn't require staff to notify customers about additional checks and the potential delay this might cause. I'm satisfied it's recognised that this information could have better managed Mrs and Mr J's expectations.

I can see that Santander has taken steps to include information about potential additional checks and delay within the branch process for CHAPS payments. This is sensible and satisfies me that a customer in the future is more likely to be informed about the possibility of additional checks taking place which may cause delay.

I've thought about the adequacy of information that was shared with Mrs and Mr J after they made their transfer. I understand they telephoned Santander twice on 16 November 2023 to query the whereabouts of their CHAPS payment. During the initial telephone call, Mrs and Mr J were informed that the payment could take up to 48 hours to go through. They were advised, during the second call, that a trace has been requested on the payment.

In thinking about the information that could have been provided to Mrs and Mr J to alleviate the worry they're bound to have felt, I'm persuaded that it was helpful for Santander to explain that the payment may take up to 48 hours to go through. But, at this stage, Mrs and Mr J weren't informed that their payment had triggered additional checks, which was causing delay. I think Santander could have shared that information with Mrs and Mr J. Had that been disclosed, they'd have worried less about the whereabouts of their funds and that would have mitigated the distress and inconvenience they were caused. This was a shortfall in service.

I'm satisfied that Santander wouldn't necessarily have been able to tell Mrs and Mr J how long the additional checks would take because it wouldn't know that information. I'm also persuaded that Santander wouldn't have been able to see the reasons why Mrs and Mr J's payment had triggered additional checks. So, I'm satisfied it couldn't have shared that information with Mrs and Mr J.

As a gesture of goodwill to resolve this complaint, Santander refunded the £25 CHAPS transaction fee and credited Mrs and Mr J's account with interest of £264.43, which they'd have received on their payment from 14 to 17 November 2023. This isn't something I'd have told Santander to do as part of this decision because, as I've already explained, it didn't err in undertaking additional checks on the CHAPS payment and it completed those checks within a reasonable timescale in line with its fraud prevention policy.

Our investigator recommended that Santander pay an additional £100 in compensation for the trouble and upset Mrs and Mr J were caused while the whereabouts of their funds was unknown. But I'm aware they've rejected that recommendation and asked our service to direct that Santander pay £1,000 in compensation.

Having thought very carefully about the impact this all would have had on Mrs and Mr J, I'm satisfied that the compensation recommended is a fair and reasonable resolution to this complaint. It's what I'd have told Santander to pay. I haven't seen enough evidence to persuade me that a higher award is warranted here. So, I'm not going to direct that Santander pay more than £100 to resolve this complaint.

I appreciate the reasons why Mrs and Mr J brought this complaint to our service. But this now brings to an end what we, in trying to resolve their dispute with Santander, can do for them.

Putting things right

Santander should resolve this complaint by paying Mrs and Mr J an additional £100 in compensation for the trouble and upset they were caused while the whereabouts of their funds was unknown. But, other than that, it need take no further action.

My final decision

My decision is that I uphold this complaint in part but **only to the extent that Santander UK Plc should pay Mrs and Mr J £100 in compensation** for the trouble and upset they were caused while the whereabouts of their funds was unknown. **Other than this I don't need it to do anymore.**

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J and Mr J to accept or reject my decision before 11 November 2024.

Julie Mitchell
Ombudsman