

The complaint

Mr S complains that Santander UK Plc has requested one time passcodes (OTP) to authorise transactions to a specific merchant. He also complains that Santander misled him to believe it was the merchant, rather than Santander that had requested the OTPs.

What happened

Mr S uses his Santander debit card to credit an account he holds with an online betting exchange, which I'll call 'B'. Mr S also uses his debit card to make frequent online payments to other gambling companies, as well as to other merchants as required.

Mr S is aware that Santander can request that he authorise an online card payment or a payment to a new payee by sending him an OTP. He has arranged for Santander to send the OTPs by email because of his patchy mobile phone signal.

But Mr S is concerned that in 2023 Santander began requesting OTPs for every online debit card payment over £20 that he made to B. He thought this was unfair and unreasonable, given that Santander did not request this for other transactions to different gambling companies or other merchants. He said Santander had also misled him to believe it was B rather than Santander which had requested the OTPs.

Santander said that it hadn't made a mistake with the OTPs. It said that for online payments it would send Mr S an OTP "*on most if not all occasions*". It required Mr S to have access to OTPs for him to use online payments. He could not cut and paste OTPs or reuse them. It used OTPs to ensure the payment request was genuine and it used these security protocols to keep Mr S and the bank safe.

As Mr S wasn't happy with its response, Santander said it had checked the OTP process and there had not been an error with the codes sent or an error with the amount. It said it had sent the OTPs correctly and they would continue when its system detects a need for further security. Santander did uphold his complaint about its service, because it did not return his calls or contact him by email. It apologised and credited his account with £25.

Mr S asked us to investigate his complaint. In summary, he said:

- Santander does not routinely ask for an OTP for every online debit card payment. To the best of his knowledge, Santander did not ask for an OTP for payments to B in the period 2021 to 2023. He asked us to obtain the OTP history from Santander.
- Since 2023 he has been asked for an OTP for every transaction to B over £20. This is inconvenient for him and delays him in crediting his trading account with B. He is self-employed and B's trading prices fluctuate so the delay impacts his income.
- Santander's staff wrongly told him that B generated the OTP request. In 2024 Santander said *it* had requested the OTPs.
- He is particularly concerned because, in 2023, B asked him to upload documents to prove his identity. He reluctantly did so, as he was concerned at the risk to his personal information if B's computer system was hacked. He said it is only since then that Santander has started requesting OTPs and he is worried there is an unknown concern about his identity. He says it can't be a coincidence that it was only then that

- Santander began requesting the OTPs.
- Santander does not ask for OTPs for his multiple transactions to other gambling companies.
- He has experienced an issue with Santander previously where it requested an OTP for his regular BACS payments to his landlord and Santander accepted there had been a technical error on that occasion. So Santander may again have made a technical programming error meaning it requests OTPs for all his payments to B.

Our Investigator did not uphold Mr S's complaint. She said she didn't need the OTP history from Santander to reach her conclusions. In summary, she thought Santander was entitled to have a security system in place and to request OTPs as required. She said Santander did not have to share the details of its security system with Mr S. She thought Santander's response to its admitted shortcomings in its service and its compensation was fair.

Mr S strongly disagreed with our Investigator and he asked for an Ombudsman's review. During his call with her he explained his ongoing concerns. He asked the reviewing Ombudsman to call him to properly understand his 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.

Although I have briefly summarised the background to this complaint in line with this Service's informal approach, I would like to reassure the parties that I have carefully considered all the available evidence. I have listened to Mr S's calls to this Service, including his original call to us to explain his complaint and his long call with our Investigator after she sent him her conclusions on his complaint.

I consider that Mr S has explained his complaint clearly and in detail during his calls to this Service. As such, I don't consider that I need to speak to him for further information before reaching my decision on this complaint.

Mr S's strength of feeling is clear. I can see that it is frustrating for him to be asked for OTPs when he is making repeated payments to the same merchant. I see no reason to doubt Mr S's word that between 2021 and 2023 he was not asked for OTPs when paying B. I don't need to ask Santander for its OTP history to reach my findings on this complaint.

Having considered all the evidence, I have decided not to uphold Mr S's complaint. I will explain my reasons, focusing on the points that I consider are central to this dispute.

Santander is required by its regulator the Financial Conduct Authority (FCA) to use 'strong customer authentication' to reduce fraud and make online payments more secure. Strong customer authentication is the way a payment service provider verifies a person's identity when banking or shopping online. In line with many payment service providers, Santander's approach to strong customer authentication includes sending OTPs to its customers.

Strong customer authentication is an important measure to combat fraud, so we don't think it's unfair or unreasonable for businesses to implement it. Santander explains about its use of OTPs in its online banking terms and conditions. Indeed, I appreciate that Mr S accepts it is sometimes necessary for Santander to send an OTP. He has used examples of paying a new payee for the first time or making an online payment to a merchant he might not have used recently.

But Santander is entitled to decide its own internal process for requesting OTPs. It properly

agreed to send Mr S OTPs by email because of his patchy mobile phone signal. Mr S says Santander does not request OTPs on most transactions as it suggested to him and I see the point he is making. But Santander is not required to share with Mr S its reasons for requesting OTPs when Mr S makes payments to B or to explain why it requests the OTPs from B and not from other merchants or gambling companies that Mr S uses. Information about a bank's security system including its internal fraud markers is by its nature sensitive and Santander is entitled to keep it confidential.

I know this is frustrating for Mr S as he believes Santander might have made an internal processing error. Santander says there is no evidence to suspect a processing error and I've not seen anything to suggest that it is wrongly asking for OTPs. It is for Santander to make its own decision about the transactions it will require to be authorised by OTPs. I've noted what Mr S has said about the timing of the OTPs being sent for payments to B. But Mr S would have to raise any concerns he has about his ID evidence with B.

Mr S has complained that Santander gave him incorrect information about whether it was B or Santander requesting the OTPs. That was unfortunate but I don't think the outcome of this complaint would have changed even if Santander had explained earlier that it was requesting the OTPs. Santander fairly accepted it could have dealt better with Mr S's complaint and paid him compensation.

I appreciate Mr S wants the OTPs to stop. But for the reasons I've explained Santander is entitled to request the OTPs so I don't uphold Mr S's complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 October 2024.

Amanda Maycock
Ombudsman