

The complaint

T, a charity, complains about the service it received from Santander UK Plc when it tried to open an account.

What happened

T says that in June 2023 it approached Santander about opening an account. It says it explained that it wasn't a registered charity, and over the next couple of months it gave Santander all the details and identification documents it requested numerous times.

T says Santander's manager told it that it would be able to open an account when he got back from leave in October 2023. But at the last minute Santander asked for another copy of one of T's documents, even though it had previously accepted it. Then it said it couldn't open an account for T, as its policy had just changed, and it now required all charity customers to be registered with the Charity Commission as part of its onboarding requirements.

T's told us that when it first contacted Santander about opening an account, it had already started to raise funds towards setting up a charity shop. It says by the time it realised how long the process was taking, it had raised £800. It couldn't hold the charity's money in a personal account, and its members weren't comfortable keeping more than that in cash at home. So it had to pause its fundraising in mid-August 2023. It says this, in turn, delayed the opening of the shop for around three months.

T says that on the day Santander told it that it couldn't open the account, it applied for an account with another provider, and it only took ten days before the account was fully up and running.

In its response to T's complaint, Santander apologised that T had been caused inconvenience by an error on its part. It offered T £60. One of our investigators considered the complaint. She initially thought that Santander's offer was fair. She said, in summary, that the timing of Santander's change in policy was unfortunate for T. But she didn't think Santander had been wrong to change its policy.

But following further comments from T about the length of time it took Santander to deal with the application, the investigator agreed that things took longer than they should have. And although Santander still maintained that it hadn't done anything wrong, it agreed to offer T a further £150, making total compensation of £210, taking into account the £60 already paid, in an attempt to resolve the complaint.

T didn't agree that this was enough to reflect what had happened. So the complaint's 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.

Having done so, I consider the offer that Santander has now made to be fair.

T's commented that if the account had been opened within a reasonable timeframe, the issue wouldn't have arisen, as it would already have been open when Santander's policy changed. It doesn't believe that Santander's manager can have had no prior knowledge of the change, and it believes he dealt with the application deliberately slowly, knowing that the policy was due to change. It considers Santander treated it unfairly and unreasonably.

T's provided evidence that it had started discussing the account with Santander by mid-July 2023. I accept that the process appears to have taken an unusually long time. Santander has provided emails between the branch manager and T from early September 2023 onwards concerning the documents that T needed to provide to support its application. It's not clear based on the evidence provided what communication there was between Santander and T about the account over the summer of 2023.

But T's told us that once it became aware that Santander wouldn't open an account for it, it had no difficulty opening an account elsewhere very quickly. We expect complainants to take reasonable steps to keep their loss to a minimum. I can understand T's frustration that the application process was taking a long time. But given how early it's told us it first approached Santander about the account, I think it could reasonably have been expected to cut its losses and apply for an account elsewhere in August 2023, rather than putting its fundraising on hold. It seems likely that if it had done so, it would have had an account up and running very quickly. So I don't find that I can reasonably require Santander to compensate T for having put its fundraising on hold, or for the delay in opening its shop.

I understand that the amount of time spent dealing with Santander for what turned out to be a fruitless application caused T inconvenience. But I consider the additional £150 that Santander has offered to be fair to reflect that. So Santander should put things right by paying T £150 in addition to the £60 it's already paid.

My final decision

My decision is that I uphold this complaint. I require Santander UK Plc to pay T £150 as it has agreed to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 5 November 2024.

Juliet Collins
Ombudsman