

The complaint

Mr W complains on behalf of Mr S about the service received from Santander UK Plc ("Santander") when due to its own error it wrongly applied restrictions to Mr S's accounts resulting in Mr S's direct debits being declined including one for his care home fees.

What happened

Mr S holds two bank accounts with Santander. Mr S authorised Mr W to have third-party access to his accounts so that Mr W could manage Mr S's financial affairs. This gave Mr W the ability to access Mr S's accounts online. Prior to this Mr W and another party applied for a lasting power of attorney (LPA) for Mr S's property affairs including his accounts with Santander which allow them to take certain actions on Mr S's behalf this application had been acknowledged but wasn't registered until 25 March 2024.

An alert was triggered and restrictions were applied to Mr S's account on 15 February 2024. Mr W became aware of the restrictions when Mr S's care home contacted him on 6 March as Mr S's direct debit for his care home fees had been declined. Mr W also found he was unable to transfer funds via online banking on Mr S's account as a named third-party.

Mr S doesn't have the mental capacity to address the issues and as making Mr S aware of the issues would've caused him to become distressed Mr W didn't inform Mr S of the issues with his bank accounts.

To mitigate the problem Mr W continued to pay for Mr S's care home fees at a cost to himself and raised a complaint to Santander on 13 March 2024 as it had failed to provide an explanation for the restrictions.

Santander didn't uphold Mr W's complaint and provided no reason about why the restrictions had been applied or when they would be lifted. Being unhappy with this response Mr W then complained to Santander's CEO and brought his complaint to this service.

Following further investigation Santander explained that there had been a historical Know Your Customer (KYC) request made to Mr W which hadn't received a response. It also found there had been a data input error where Mr W's country of residence had been incorrectly recorded so when Mr W applied for third-party access to Mr S's account Santander's systems triggered an alert and restrictions were applied to Mr S's account.

Having established its error Santander removed the restrictions from Mr S's current account on 11 June 2024 but due to an oversight on its part Santander didn't remove the restrictions from Mr S's saver account until 26 June 2024.

Santander recognised the distress and inconvenience Mr S's attorneys had suffered because of its error and offered £2,000 in compensation plus £25 for reimbursement of Mr S's mobile phone charges and passed on its apologies to Mr W.

Mr W was dissatisfied with this. He says as it was Santander's error that caused the problem it should apologise for refusing to pay Mr S's residential care fees and mobile phone, for

refusing to inform him of the reasons why the account was blocked and the actions necessary to remove the block and for the stress and inconvenience that Santander has caused for him and his co-attorney for many months.

One of our investigator's looked into Mr W's concerns and Santander's offer. While they accepted both Mr S's attorneys had experienced significant amounts of distress and inconvenience we were unable to consider the impact Santander's actions had on them directly as they are third parties. And as Mr S wasn't aware of the issues, they couldn't say he'd suffered any distress or inconvenience as a result of Santander's actions. But as Mr W and Mr S's other attorney had confirmed they were willing to accept the offer as a resolution to the complaint they thought this was a fair way to settle the complaint.

Mr W disagreed with this, he doesn't understand why Santander didn't check his residence status or why Mr S's account was blocked when its concerns were about him and it could've just blocked his third-party access. Mr W wants to know why Santander failed to inform him and the other attorney what they could do to have the account unblocked and what action Santander is taking to ensure no other customers' accounts are blocked without full disclosure to those concerned.

While Mr W says he wishes to accept Santander's offer of compensation to bring the matter to an end he doesn't believe that Santander has acted fairly and has asked for an ombudsman's 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 hope that Mr W won't take it as a discourtesy that I've condensed his complaint in the way that I have. It is very clear to me the strength of Mr W's feelings about the matter and I don't want Mr W to think that I've trivialised the experience he's had. But ours is an informal dispute resolution service, and I've concentrated on what I consider to be the crux of the complaint. Our rules allow me to do that.

Firstly, I have to be clear that I can't look at the impact Santander's actions have had on Mr W or his co attorney personally. As our investigator has already explained, this is because I can only look at how Santander's actions have affected the account holder - Mr S – as he is the eligible complainant.

So although I accept that both Mr W and his co-attorney may have been inconvenienced and distressed by Santander's actions I can't look at compensating them personally for this if I found that Santander had done something wrong or treated them unfairly.

I should also explain that as we are not the regulator, I don't have the power to tell Santander how it needs to run its business and I can't make Santander change its systems or processes – such as how or when security checks are made or restrictions applied to an account for fraud prevention. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

It is not in dispute that Santander did something wrong. Due to a data input error by Santander, its systems wrongly triggered an alert and applied restrictions to Mr S's account resulting in his direct debits being declined and Mr W not being able to access his funds to pay his bills. And when Mr W raised this with Santander it failed to investigate what happened properly, provide Mr W or his co-attorney with any explanation or advise what they could do to resolve the problem leaving Mr W with no option but to bring his complaint

to this service.

It was only after this that Santander investigated what happen and took steps to resolve the issue which clearly isn't good enough. Both Mr S's attorney's suffered unnecessary distress and inconvenience by this and this was unfair. And although as explained above it is not for this service to tell Santander how to run its business - and I do accept sometimes things don't run smoothly – I too am at a loss why Santander's systems applied restrictions to Mr S's accounts rather than Mr W actions.

But Santander has accepted it made a mistake and so I don't need to make a finding on this point. But rather what I have to decide is whether what Santander has done to put things right is a fair way to resolve this complaint.

Fortunately, as I understand it Mr S has only been impacted minimally with the £25 mobile phone charges applied due to the failed direct debit and hasn't personally suffered any distress as a result of Mr W taking the responsible decision not to inform him, but rather take on and mitigate the matter himself.

Santander has now had the restrictions lifted on Mr S's account and reactivated the direct debits – albeit I agree the service provided around this was poor and Santander took too long to do this. But in light of this Santander has offered to pay compensation of £2,000 to cover the distress and inconvenience this caused and reimburse £25 in mobile phone charges which Mr W has confirmed he will accept in order to bring a resolution to the matter.

As has been explained by our investigator and above, I can't assess the impact that Santander's actions have had on Mr W and his co-attorney personally as they aren't the eligible complainant – Mr S is - which means I can't say whether Santander's offer of compensation is fair for the distress and inconvenience that they have suffered.

But I can say that Santander made an error and the service it provided in identifying and rectifying this wasn't good enough and that this undoubtedly caused Mr W and his co-attorney both distress and inconvenience by this when all they were trying to do was a selfless act in looking after Mr S's affairs. But as the error has now been rectified and Mr W has confirmed he will accept on Mr S's behalf the £2,000 compensation and reimbursement of mobile phone charges Santander has offered, I think this is a fair outcome in the circumstances.

My final decision

For the reasons I've explained, I've decided what Santander UK Plc have offered to do to settle Mr W's complaint raised on behalf of Mr S is fair and I direct it to now pay £25 for the mobile phone charges and the £2,000 compensation offered to Mr S.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 13 November 2024.

Caroline Davies
Ombudsman