

The complaint

Mr V complains that Santander UK Plc made a mistake by paying money into his account and has ignored his financial and mental distress in its attempts to recover the money.

What happened

Following Mr V's switch to a Santander account, Santander mistakenly credited his account with three switch account incentives of £185 and told him it would remove two of these on a set date. Mr V called Santander to query this, and said he had already used the money to pay his bills. He explained his financial difficulties and his difficult personal circumstances.

Mr V said the issue was not his fault and it is unfair that Santander wanted to take the money back as he no longer has it, and this could cause a default and affect his credit score. He said his mental health has been substantially affected by this issue and he feels he's being punished for Santander's mistake. Mr V raised a complaint with Santander.

Santander said it would be in touch, but Mr V didn't hear anything. He called again, and a week later Santander responded that it hadn't made an error in requiring repayment. It apologised for its poor service but said Mr V should ensure enough funds are in his account on a set day so it could recover the payment. Santander said if it couldn't recover the funds, its recoveries team will discuss the next steps with him. Santander said in relation to Mr V's credit score, there are no charges for his account being in an unarranged overdraft. It offered Mr V £50 compensation, but he declined, saying this wouldn't assist him with his issues.

As Mr V wasn't satisfied with Santander's response he referred his complaint to our service. Our investigator didn't recommend the complaint be upheld. He said Santander accepted it had incorrectly credited some customers with additional switching incentives, but hadn't done anything wrong in requesting the funds be repaid.

The investigator said Mr V completed an account transfer which would have entitled him to a single payment of the switch offer, but when he received three incentives payments he thought Mr V should've been aware of the error as his balance had increased by £555, which was clearly wrong. The investigator empathised with Mr V's financial difficulties, but said Santander had called and emailed Mr V that he could set up a monthly or weekly payment plan and so Mr V has been provided with options to repay the funds.

Mr V was unhappy with this outcome and requested an ombudsman review his complaint. He said that due to his struggle with mental health he didn't feel Santander's offer was fair or that his circumstances had been heard. He said he had used the mistaken payment towards bills because he's got no other financial support. He said Santander knows that he struggles with his mental health and financial difficulty and should have treated him more fairly.

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 was sorry to learn that Mr V has been emotionally distraught due to Santander's error in making an unintentional payment, and I was also sorry to learn about the financial implications to Mr V of Santander's recovery of the mistaken payment to his account.

Santander appears to have encountered an issue with payment of the account switching incentives to some customers. It's unfortunate this included Mr V at a time when he was experiencing very difficult financial circumstances. Very soon after the incorrect payments were made Santander contacted affected customers and said it would update them on the next steps. I can see that Santander followed up with further information about the recovery of the funds on a specified future date and addressed Mr V's complaint in reasonable time.

I can well understand Mr V's concern about the financial difficulties that he faced, and I can see that he has to manage his money very carefully. Mr V said he was unaware of Santander's error at the time. I can see that the payments to his account were shown on his statement in three entries as '*Santander Switcher Offer*' with three separate payments of £185 on consecutive days. It would appear that Mr V then transferred out his money to another account.

Santander's error does appear to have been a very easy one for a customer to spot, but I accept that on this occasion Mr V was unaware of this unexpected increase to his account balance. He said that he treated the funds as a way of discharging his debts.

Mr V explained to Santander that he can't afford to repay £370, as he's struggling to cope, and this could affect his credit score and could make him homeless. He said that he wants to be compensated for the upset and mental stress this has caused him and that Santander are now charging him for money they paid in error.

The investigator has explained that banks are entitled to correct payment errors by contacting the recipient and seeking recovery. The money isn't legally Mr V's and so he does need to pay it back. Our role is to ensure that when a mistake occurs the business resolves it in a way that is fair and reasonable to both parties. Where possible, this means putting the customer back in the position they were in before the error occurred.

Having listened to the calls between the parties and seen the other communications I agree with the investigator that Santander has attempted to offer Mr V options other than just an immediate repayment. It has also refrained from charging him for entering an unauthorised overdraft.

As part of my review of Mr V's complaint I have considered how this event has emotionally impacted him and the effect on his mental health. Having listened to the calls between the parties I do not agree with Mr V that Santander offered no sympathy for his circumstances or suggest an alternate way this issue could be resolved.

Santander asked Mr V if he could put forward a date it could debit his account or alternatively he could repay the funds on a payment plan, where he could specify the frequency and amounts. Santander told Mr V that its collections team was available to discuss a repayment plan with him. I think this shows that Santander reacted sympathetically to Mr V's circumstances.

Because Santander invited Mr V to put forward his own affordable repayment plan and hasn't refused a time to pay offer from him, I think it has been prepared to consider his situation and has treated him fairly. This is how we would expect a bank to carry out the repayment of a transfer in error in Mr V's circumstances and so I can't reasonably require Santander to do anything further. I can see the compensation payment of £50 was declined by Mr V. This payment is still open to him and if he contacts Santander the payment can still be made.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

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

Andrew Fraser
Ombudsman