

The complaint

Miss M is unhappy with Santander UK Plc. A payment was made into her account by her property managing agent on behalf of a tenant who rents one of her properties. But the payment was then sent by Santander to another account. It claimed this was directly to the tenant and Miss M's account was blocked. Miss M has never got the payment back and wants the outstanding amount of £2050.00 paid back to her.

What happened

The payment was made into Miss M's account on 21 September 2024. But a request was made to Santander to return the money as it was considered fraudulent. It said it returned the money directly to the tenant in October 2024. In view of the situation and the fraud considerations Santander also blocked Miss M's account at this point. After discussion between Miss M and Santander the block was removed, and she was able to use her account again as normal. But she didn't get her payment back. She said the tenant hadn't had the money back in their account, the property managing agent who had sent her the payment in the first place didn't have it either. She said she was out of pocket, couldn't expect the tenants to pay again as they had already paid, and said this was down to Santander to resolve.

Miss M brought her complaint to this service.

Our investigator didn't uphold the complaint. She said Santander had to follow certain laid down procedures regarding potential fraud payments. Our investigator said Santander acted in line with the procedures when it returned the funds to the account it was requested to. She was also satisfied that Santander removed the block appropriately. Our investigator said Miss M would need to take the matter up directly with her tenant and the management agency.

In my recent provisional decision, I said:

"Miss M said when requested to document the payment she provided the required paperwork promptly. She said these included a copy tenancy agreement and confirmation from the property managing agent.

Miss M said this loss of the rent payment was causing her significant financial and emotional stress. She relies on the payments to meet her mortgage obligations and the ongoing uncertainty has disrupted her financial stability.

Miss M said she had no direct link through bank accounts to the tenant so couldn't understand how Santander had managed to bypass the property managing agent to return the money to another account. She thinks Santander is responsible and should pay her back the money.

Santander apologised but said it didn't make any mistakes here. It said it received a claim for a payment that was reported as fraud.

Santander said it takes fraud very seriously and has measures in place to protect customers. Santander noted "Once our attention is drawn to any suspicious activity on an account, we need to act quickly and responsibly. In this instance we had no alternative but to suspend your account until we were able to verify your entitlement to these funds and the source of them."

Santander accepted Miss M did evidence the payment and it was able to remove the account block but said it still had to return the credit to the sender. It confirmed "You informed us that the credit was sent from a property that is managed by an agency, and I can see that the evidence you provided was reviewed on 18th November 2024 and the blocks were removed. Although the case was cleared, the credit had to be returned to the sender, so you will need to contact your tenant to discuss their payment from September. I can confirm that it was not returned to the agency."

I can understand how frustrating this is for Miss M. She was and still is owed the money and although she was initially credited with the money, it was returned, and she is still out of pocket. It's clear that Miss M has provided clear and legitimate details and evidence to show why the payment was valid. And as she has pointed out the money doesn't appear to have been returned to the tenant's account it was sent from either. So as far as the tenants are concerned, they have paid Miss M.

Miss M said Santander has had the money and she would like it to pay it back into her account. But Santander said it hasn't got the money, it said it sent it back directly to an account where it originated from. And it has stated this is in line with the requirements it has to follow regarding payments considered fraud. But the account details I've seen from Miss M in relation to her tenant shows that the money hasn't been paid back into the account it originated from.

Based on the evidence I've seen I don't think Santander has acted fairly and reasonably here. It returned the money despite proof from Miss M that this was a regular payment as shown within her bank statement and she's confirmed the financial difficulty this has put her in regarding her mortgage repayments.

Santander stating it can't confirm where the money is, and that Miss M will have to talk to the property managing agent and the tenant doesn't seem to me to be fair or reasonable. Both parties passed on the money as required to and neither party has had the money back.

So, I don't think Santander can pass off the responsibility when it has provided no evidence to show that it was right to send the money to a third party when Miss M had produced evidence to show what the payment was for and where it was from. Santander didn't give any information to help and is the only party in this complaint who knows where the money went. This is because it was Santander that chose to send the money to a different account and none of the other parties involved have seen the money since. I think Santander should refund the money it took from Miss M back into her account.

I accept this has been a stressful time for Miss M. And I don't think Santander has been as helpful as it could have been. I think the service provided should have been better. In view of this I think Santander should pay Miss M £100 in compensation for the distress and inconvenience caused. She has confirmed how tricky this has made things for her with her mortgage, her financial stability and with the property managing agent and tenant."

Responses to my provisional decision

Miss M had nothing further to add and accepted the provisional decision.

Santander asked for more time and an extension was granted. It said it was following mandatory processes which explained why neither Miss M or her property managing agent had the funds returned. It said the further time extension would allow it to get further information from another department. But it then didn't respond any further.

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.

Based on the responses to my provisional decision I see no reason to change it.

Santander had the duration of this complaint to produce clear evidence to back up the action it took. It has now had further time given to again allow it to produce details. At no point has it produced any evidence to support its actions. In such circumstances the only fair and reasonable outcome I can come to is to make my provisional decision my final decision.

Putting things right

- Pay back the money it removed from Miss M's account.
- Pay £100 compensation for the distress and inconvenience caused.

My final decision

I uphold this complaint.

I require Santander UK Plc to:

- Pay back the money it removed from Miss M's account.
- Pay £100 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 21 May 2025.

John Quinlan
Ombudsman