

The complaint

Mrs H and Mr J as directors of company 'W' complain about the service received by Santander UK Plc ("Santander") when trying to close down a business bond and updating W's banking mandate.

What happened

W held a bond with Santander worth approximately £80,000 which matured in May 2017. Santander have provided a copy of a template maturity letter it says would've been sent to W in April 2017 the month before the bond matured notifying them that the bond was coming up for maturity and explaining what would happen to the bond if no further instructions were received. As Santander didn't receive any maturity instructions from W the bond entered a default status and the funds were transferred into a business bond maturity account earning interest at the default rate.

Mr S who says he was a director at the time W's bond matured disputes he ever received any communications about the bond. Mr S says he resigned as a director in 2019 and completed a template letter informing Santander of this. But Companies House records show the date of termination as being 1 March 2017 – before the bond matured.

In 2022 some efforts were made by W's directors to update its mandate with Santander - including removing Mr S who was still listed as a director - and that Santander provided the requisite forms and instructions to do this. But there is no evidence to suggest at this time the directors provided any instructions regarding the matured bond and the updating of the mandate wasn't completed as the forms hadn't been signed and witnessed as per Santander's requirements.

On 25 September 2023 Mr J became a director of W and was informed by an outgoing director about the proceeds of the bond held with Santander but due to personal circumstances wasn't able to immediately address the issue.

On 8 January 2024 Mrs H also became a director of W but there was no communication with Santander about this until March 2024 when Mr J and Mrs H approached Santander about retrieving W's funds.

The timeline of events following this was:

26 March 2024 - Mrs H requested assistance from Santander with a mandate change request form for W. Mrs H was advised as she wished to add two directors and remove one, they needed the old director to sign the form. Mrs H explained it was difficult to reach the old director so Santander's agent advised to get a letter from a certified accountant and complete a form to advise why the old director couldn't sign.

26 April 2024 – Santander received a bond closure request from the old director but rejected it as it needed the consent of all the directors of W held on its system and the structure of W didn't match that of Santander's records.

14 May 2024 – Mrs H called Santander to query the mandate change request forms. Santander's agent confirmed which form needed to be completed and went through the form advising what information was needed. Mrs H mentioned she'd been advised to fill out a different form the previous day.

16 May 2024 – Santander received a mandate change request form requesting Mrs H be added to W's account and to remove an old director from W's account.

4 June 2024 – Santander sent a letter requesting details of Mr J to update W's records.

18 June 2024 – Santander received details of Mr J to add him to W's account.

20, 27 June and 3 July 2024 - Mrs H called Santander for an update on the mandate change request.

4 July 2024 - Santander confirmed both Mrs H and Mr J had been added to the account.

5 July 2024 - Mrs H called Santander and requested closure of the bond. Santander's agent confirmed there were still several old directors named on W's account, confirmed the names and advised another mandate form would need to be completed having these directors removed before the bond could be closed.

11 July 2024 – Santander received a mandate change request form to remove the old directors from W's account.

28 July 2024 – business bond maturity form was completed by new directors and the bond was closed and funds transferred to the nominated account on 7 August 2024.

The directors of W complained to Santander that there had been a lapse in communication regarding the bond and that Santander had failed to notify them that it had matured earning little interest.

Santander says it was unable to action the requests to close the business bond until W's structure held on its record was updated as there were several old directors still listed on W's account. Santander did accept that the service provided to the directors could've been better when updating W's mandate and acknowledged this had caused some inconvenience and paid £250 compensation for this.

The directors were dissatisfied with this and so brought the complaint to this service. They say that Santander unnecessarily delayed the updating of W's mandate and releasing the funds held by it by refusing to accept Companies House records as proof of current directors, demanding unreasonable verification from retired directors and rejecting applications based on technicalities.

One of our investigators looked into their concerns but thought Santander had clearly explained in its letter to W before its bond matured what would happen if no further instructions were received. And as they hadn't seen anything to suggest the bond maturity letter wasn't sent out to W at the time didn't think Santander had made any errors regarding the maturity of the business bond.

Furthermore, they didn't think Santander had done anything wrong when it rejected W's bond maturity request as W's business structure didn't match against the records Santander had for it and so it needed the consent of all directors held on its system to update W's mandate – as per its process and policy - before it could take instruction to close the bond.

But they agreed that the service provided by Santander in updating the mandate was poor as there was a delay in adding Mrs H and Mr J to the mandate which resulted in further delays to the closure of the bond and W being able to access the funds and so thought an uplift of compensation of £100 bringing the total recommended to £350 was fair which Santander agreed with.

Mrs H and Mr J disagreed. They don't accept that Santander have the right to refute Companies House records of directors and don't think it fair that Santander were allowed to sit on W's funds for years without making any effort to communicate. They want Santander to reimburse W for any interest it ought to have received and Santander to be sanctioned for its inaction and have asked for an ombudsman's decision on the matter.

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 the directors of W won't take it as a discourtesy that I've condensed this complaint in the way that I have, I've no doubt the amount of time that has been put into this matter and their strength of feelings about this. 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. And the crux of this complaint is about the service received by Santander when trying to close down a business bond and update W's mandate. In particular the directors believe Santander failed to notify W that the bond was maturing and the delays in updating W's mandate resulted in a loss of funds to W.

It might help if I explain here, we are not the regulator, I don't have the power to tell Santander how it needs to run its business or what procedures it needs to have in place to meet its regulatory obligations. This service doesn't supervise, regulate or discipline the businesses we cover. And my role isn't to punish or penalise businesses for their performance or behaviour – that's the role of the regulator, in this case the Financial Conduct Authority (FCA).

My role rather is to look at problems that W has experienced and see if Santander has done anything wrong or acted unfairly. If it has, we'd seek to put W back in the position it would've been in if the mistakes hadn't happened. And we may award compensation that we think is fair and reasonable.

And having considered everything carefully I don't think Santander did do anything wrong when W's bond defaulted following it not receiving instructions from W's directors on what to do with it on maturity.

I appreciate the directors assert that W never received any correspondence regarding the maturing of the bond, but the address Santander held for W at the time was correct and I've no reason to believe the letter wasn't sent as per Santander's processes as expected.

And in any case my understanding is that since the bond matured in May 2017 there have been at least three changes in directorship one of which being Mr S's resignation in 2019. I would've thought at this point any outgoing directors would have a responsibility to inform incoming directors of important matters such as the assets and liabilities the business holds and equally any incoming directors should familiarise themselves with this also.

Indeed, it is my understanding that the directors were aware Santander were holding the proceeds of the bond as they made Mrs H aware of this on her appointment. Yet although there were some attempts to update W's mandate in 2022 there doesn't seem to be any

communications with Santander itself about the bond until 2024 on Mrs H's appointment. So I don't think it would be fair to hold Santander responsible for the failure of W's directors to issue instructions following the maturity of the bond in May 2017.

And I also I don't think Santander made a mistake when it rejected the bond closure request form received from an old director of W as it didn't have the consent of all the directors of W as per the mandate and so didn't have the requisite authority to close the bond.

The only people who have any authority over W's account with Santander are those on the mandate in place at the time. So I can't agree that Santander made a mistake in not actioning the bond closure request until W's structure matched what Santander held for it as all it had received were instructions from a third party – which is all the old director was here.

I appreciate that the directors believe that what is shown at Companies House evidence's W's structure. But changing officers assigned to W with Companies House wouldn't automatically change the parties authorised to provide instructions for W's account. Santander needs to be able to satisfy itself that any actions taken are legitimate and with the correct authority to ensure it protects both itself and its customers and can't rely on third parties to do this. And as per Santander's terms and conditions and processes – which it is entitled to set – it is the director's responsibility to inform it of any changes to W's structure which they didn't do and so I can't say Santander acted unfairly in this regard.

But that is not to say I think Santander did everything right and I'm in agreement that the service provided by Santander in updating W's mandate was poor. Particularly once it knew the directors wanted to close W's bond. Santander provided inconsistent or incomplete advice regarding the forms the directors needed to complete to update the mandate and close the bond and even when all the correct forms were received there were delays on Santander's part in updating the mandate of around a month, in particular with adding Mrs H's name.

Santander has already accepted it made some mistakes in the service provided to W in this regard and accepted our investigator's recommendation of compensating W a further £100 bringing the total compensation to £350. So all I need to decide is whether this is a fair way to settle this complaint, and I think it is.

W's mandate with Santander has been updated and the bond closed and proceeds received into a nominated account as per the directors of W's wishes.

I accept there has been some administrative inconvenience for W but as I don't think Santander made a mistake on insisting it had the requisite authority before updating the mandate on W's account and accepting instructions to close the bond sooner than it did, I think £350 compensation in total is fair.

I say this as when considering compensation, I can only look at the any direct financial loss resulting from any errors I've found Santander to have made and not the distress and inconvenience the directors might have suffered personally. And as I've not seen any evidence that W has suffered any financial loss as a direct result of Santander actions, I'm not going to ask Santander to do anything more.

My final decision

My decision is I uphold W's complaint and direct Santander UK Plc compensate W a further £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or

reject my decision before 16 June 2025.

Caroline Davies
Ombudsman