

The complaint

Miss F complains that Santander UK Plc delayed in releasing money to her which had been paid into a closed account.

What happened

Miss F is currently subject to an Individual Voluntary Arrangement (IVA). On 27 December 2024 a payment to Miss F from the DWP for around £259 was paid into her account which had previously been closed because of the IVA. Miss F then set about trying to recover the money. She made multiple visits to the branch and multiple phone calls.

Miss F was told by branch staff initially that no payment had been made into the account, then, wrongly, that she needed to get the DWP to recall the payment. She was then told that Santander required a letter of no interest (LONI) from her IVA supervisor to get the payment released. She obtained this and took the letter into the branch in early January. Three weeks later she'd heard nothing and the letter had not been processed. It was agreed that she would e-mail the letter to the collections department of the bank, but this was apparently not received either. She then took the letter into the branch again and it was finally processed on 30 January.

Miss F was then advised that she would receive a call back within a week, but the complaints handler closed the complaint without resolving it. I understand though that the payment was made to Miss F in early February.

Miss F said that as a result she missed a payment under her IVA, putting her at risk of breach and possible termination. She also went into arrears with her rent and suffered significant financial difficulties while she was without the money. Santander admitted it had provided poor customer service and given wrong advice to Miss F. It offered to pay compensation of £200, which it increased to £400 when Miss F referred the matter to the Financial Ombudsman Service.

After review by our Investigator, she was satisfied that Santander's offer to pay £400 for the distress and inconvenience was fair and reasonable.

Miss F didn't agree and the matter has been passed to me for an Ombudsman's consideration.

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 think that Miss F did receive poor customer service from Santander. This was fully set out in Santander's final response letter of 4 February. To sum up, as far as I can see the payment being wrongly made into a closed account was not Santander's fault. However, it did have a responsibility to sort this out and it must have caused Miss F a lot of anxiety to be told that the payment didn't appear in its record. I understand that this was because the

branch staff didn't have access to the correct record.

Santander received 22 inbound calls and multiple visits were made by Miss F to the branch. Santander gave the wrong advice about the payment on two occasions, firstly telling Miss F to contact the DWP to recall the payment and subsequently to come into the branch with ID to get the payment released. I understand the correct procedure was for Miss F to obtain the LONI, which I think she did fairly quickly. Unfortunately, this appears to have been mislaid by the branch and it appears Santander didn't receive an e-mail copy either.

The overall result of this was that it took over a month for the payment to be received. In that time Miss F tells us she had no income and had to rely on food banks. She also tells us that she went into arrears with her rent payments, although wasn't charged collection fees. She also missed a payment under her IVA, and had to make a double payment to catch up.

I understand that Miss F suffered significant distress and inconvenience. And further that there was a risk of the IVA being terminated and possible difficulties over her rent arrears. And that Miss F was concerned that it might affect her credit rating, though I haven't seen evidence that it did. However, I should clarify that we award compensation for the distress caused but not for what might have happened.

We say that an award in the region of £400 might be fair where the impact of a business's mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. And I think that applies in Miss F's case.

I have considered Santander's offer of £400 and, bearing in mind awards we've made in similar cases, I think that's fair and reasonable. The supervisor of Miss F's IVA has advised that they have no interest in any compensation received by Miss F as a result of this complaint. So it can be paid directly to her.

Putting things right

Santander should pay Miss F £400 Compensation.

My final decision

I uphold the complaint and require Santander UK Plc to pay Miss F £400 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 5 August 2025.

Ray Lawley
Ombudsman