

The complaint

Mr W complains that Santander UK Plc failed to record his vulnerability in its records. As a result, it allowed him to close an ISA, with a loss of interest and tax benefits

He is the brother of and is represented by Ms W, who holds a Power of Attorney (PoA) for him.

What happened

In August 2024, Mr W contacted Santander by phone requesting that it close his ISA and transfer the funds to his current account. He spoke to two agents who explained that there might be a 120-day loss of interest penalty, and that by transferring funds out of an ISA he would lose the tax-free status. Mr W said that he understood and that he wanted access to his funds. The transfer went ahead, although Santander paid full interest for the period during which the ISA was open.

Ms W has told us that Mr W is a vulnerable person who suffers from a mental illness, and this is the reason for her having the PoA. She says that when she registered the PoA at a branch of Santander in 2019 she discussed Mr W at length with the adviser and thought it had been added to his record. She also said that she contacted Santander on a number of occasions about fraudulent transactions on Mr W's account and each time mentioned his vulnerability.

With regard to the ISA, Ms W said that Mr W had been coerced by scammers into closing the account. She complained that when Mr W contacted Santander to close the account it didn't take account of his vulnerability, and that he wouldn't have understood terms like a loss of interest penalty, which she thought to be technical jargon. She was further concerned that she had been contacted by scammers about her account as well and thought there might be a data leak linking her account to Mr W's.

Santander said that although there is a registered PoA on the account there was nothing else that raised suspicions in the call that Mr W was vulnerable, or that he would not comprehend the financial implications. It advised that full interest had been paid for the time the ISA had been open. For the frustration caused, it credited Mr W's account with £75. It has now recorded Mr W's vulnerability on his customer record.

With regard to Ms W's complaint that there might have been a data leak, it investigated the concerns raised and found that there had not been data provided to any third party in respect of Ms W's information via phone calls. And nobody other than Mr W has accessed his account or online/mobile banking.

On referral to the Financial Ombudsman Service our Investigator ultimately thought that owing to the number of times that Ms W had contacted Santander, particularly with regard to possible fraudulent transactions, it was likely that she had mentioned Mr W's vulnerability. So, it should have recorded that on his record. He proposed that Santander pay a further £75 compensation.

Santander agreed to this proposal. Ms W, on Mr W's behalf, didn't agree and the matter has been passed to me for a review.

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.

Having considered the telephone call Mr W made to Santander, there was nothing in that call which would indicate to me that Mr W didn't fully understand what he was doing. The advisers he talked to told him about the 120 day penalty. I don't think that that is jargon as Ms W has alleged. The payment was also going into Mr W's own account so further fraud checks wouldn't have been appropriate. I've noted also that fortunately no scammers have been able to get at Mr W's money. And that full interest was paid by Santander for the amount of time that the account was open.

Nevertheless, Ms W says that she had previously contacted Santander on a number of occasions particularly when she was concerned about possible fraud, and mentioned Mr W's vulnerability each time. And that Mr W is particularly vulnerable to being exploited by scammers.

I have considered that information. I think it's fortunate that when Mr W closed his ISA, the monies were not fraudulently taken by scammers. And it does appear that in the past any possible fraudulent transaction has been blocked. I do think it's likely that when Ms W contacted Santander, she mentioned his vulnerability. The branch record registering the PoA does not mention this. I think that Santander should have considered this further and asked her if she wanted his vulnerability noted on his record.

As I've said, it's fortunate that the lack of a vulnerable marker on his record didn't result in any financial loss. And I should clarify that compensation is awarded for what happened rather than what might have happened. In those circumstances I think that the proposal that Santander pay a further £75 is appropriate.

With regard to the possible data leak, Santander has showed us its records of the investigation and I'm satisfied that if scammers have been in contact with Ms W or Mr W that is not Santander's fault. Mr W, despite the existence of a PoA is still able to carry out transactions on the account himself. So, I would expect given the vulnerability marker now on his record, that in future questions will be raised about any unusual transactions.

I've noted that Ms W raised the question of a further fraudulent payment made after the above events. Whilst I understand the money has been returned to Mr W's account, she hasn't, as far as I can see, raised any complaint with Santander about this. So if she wants to pursue that matter further, she should contact Santander.

Finally, I should clarify that our powers extend to investigating individual complaints. I have no power to require Santander to review or change its procedures for vulnerable customers.

Putting things right

Santander should pay a further £75 compensation. This is in addition to the £75 already paid.

My final decision

I uphold the complaint and require Santander UK Plc to provide the remedy set out under

“Putting things right” above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr W to accept or reject my decision before 5 September 2025.

Ray Lawley
Ombudsman