

The complaint

A company I'll call R complains that Santander UK PLC (Santander) reneged on a promise to provide it with fee-free banking services forever. To put things right, R wants its account to remain fee-free, and to receive £1,000 in compensation for the worry caused and time taken in dealing with this matter.

R is represented by its director, Mr P.

What happened

Mr P says R opened an account with Abbey National in 2002-2003, after seeing marketing materials that promised free banking forever. He says Santander tried to charge for its services in 2018, but changed its mind after he complained. It then tried to do so again in 2025, only this time it didn't back down when he complained. Mr P said this felt contrary to the original contract, that it was a case of a big company taking advantage of a small company, and that it probably went against the FCA's Consumer Duty principles.

He had complained to Santander, but Santander didn't uphold his complaint. It said the business banking landscape had evolved significantly over the last decade and that it needed to introduce a new account in order to continue to provide excellent service. It said the changes were made in accordance with its terms of business, which allow it to convert R's account to another product, and that it had given at least two months' notice to allow Mr P to consider his options.

Mr P didn't accept Santander's response, so he brought R's complaint to our service. Our Investigator looked into R's complaint, but he didn't uphold it. He acknowledged that R had indeed been promised fee-free banking forever in various promotional materials, but explained that a bank's ability to make changes to an account depends on its terms and conditions. He noted that Santander's terms and conditions allowed it to make changes in various circumstances, including if it needed to do so to take account of changes in costs and regulations.

Ultimately, he was satisfied that Santander was entitled to change R's account to a fee paid account, and he didn't think Santander had acted unreasonably or unfairly in doing so. And he set out his reasons for saying that in detail.

Mr P didn't accept our Investigator's findings. He made various submissions in reply, and was adamant that Santander was bound by the promises made by Abbey National in 2002. Because no agreement could be reached, the matter came to me to decide.

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.

Firstly, I should say that I'm aware I've summarised the events of this complaint, and the arguments both parties have made, in far less detail than the parties, and that I've done so

using my own words. The reason for this is that I've focussed on what I think are the key issues here, which our rules allow me to do.

This approach simply reflects the informal nature of our service as a free alternative to the courts. And I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome in this case. So, if there's something I've not mentioned, it isn't because I've ignored it, and I must stress that I've considered everything both Mr P and Santander have said, before reaching my decision.

Given the passage of time, I can't say exactly what marketing materials Mr P saw when he opened R's account. But I've seen various documents that refer to the free banking promise. All of the documents I've seen set out caveats to the promise, such as "we may vary existing charges or introduce new charges" or "That's guaranteed, unless there are any changes to the law or banking regulations".

Santander accepts that those statements were made, but its position is that it has never made a contractual commitment to free banking forever. And indeed, the terms and conditions of R's account allow Santander to make changes to the agreement between it and R. Clause 14 provides the following:

"This agreement may last for a long time, so we're likely to need to make changes to it from time to time. We might change these terms or your accounts specific conditions. This includes interest rates or fees (such as adding or removing fees) as well as other terms. We have listed below the reasons we might want to make changes..."

S14 then provides a list of circumstances that may lead to Santander making changes, and it goes on to say that it may need to make changes for other reasons that aren't covered in the list. It says that it will give R two months' notice of any such changes (here, Santander gave three months' notice by way of a letter dated 2 July 2025).

I've also seen historic terms and conditions documents that all include similar provisions, and such clauses are common in banking agreements, so I think it's more likely than not that a similar clause has always been present in the documents that govern the relationship between Santander and R. And that means that Santander is contractually entitled to make changes to its agreement with R, and I've seen nothing that excludes fee changes from that provision.

With that being said, I need to consider whether or not Santander has acted fairly and reasonably in implementing the new tariff.

Mr P has made a number of submissions, which mostly centre around whether Santander is allowed to make this change. I understand why he is passionate about his complaint here: he feels he was promised R would receive free banking forever, and he is angry that Santander has gone back on that promise. However, the account terms and conditions (and not any promotional material) are what govern R's relationship with Santander, and I haven't seen an irrevocable contractual term that obliges Santander to provide free business banking to R forever. Indeed, the agreement expressly states that Santander can vary the contract if it wishes.

Even if I were to accept that the promotional material overrides the contract, the promise of free banking facilities forever was followed by a qualifying line, such as "unless there are any changes to the law or banking regulations".

And I think it's fair to say that there have been significant changes to the world of banking regulation since 2002. Banks now have far greater obligations to better protect customers

from various risks including anti-money laundering, countering terrorist financing, and preventing fraud and scams, all of which significantly increase the costs of offering an account to both personal and business customers.

Free business banking is not currently a typical offering from any major retail bank, and R has benefitted from free banking services for around 22 to 23 years now. So, while I respect Mr P's strength of feeling here, I'm not persuaded it has treated R unfairly. It has acted in line with its terms of business, it has followed its own process by giving the required notice (an additional month in fact), and it has clearly set out R's options going forward. Ultimately, this is a commercial decision Santander is entitled to make, and I don't consider it would be appropriate for me to interfere with that right in the circumstances of this particular complaint.

Even if I were to disregard all of the above, Santander's terms of business still allow it to end its relationship with R by giving two months' notice. If it had chosen to do so, that would have ended R's free banking facilities. And it would create an absurd position if Santander was prevented from closing R's account because of a non-contractual promise, particularly in light of its legal and regulatory obligations.

I don't underestimate Mr P's strength of feeling here, and I recognise why he feels let down by Santander. But for the reasons I've set out above, I don't consider it has acted unfairly or unreasonably, so I won't ask it to change its position, or to pay R compensation.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 14 January 2026.

Alex Brooke-Smith
Ombudsman