

The complaint

Mr L, on behalf of his sole trader business I'll call B, complains that Santander UK PLC (Santander) introduced a monthly charge of £9.99 for his business account, having originally said business account banking would be fee-free forever.

What happened

Mr L opened a business account with Santander in March 2009. He says that, at the time he opened the account, it was marketed as being free forever, subject to various caveats. Mr L enjoyed fee-free banking for 16 years, but Santander wrote to him on 3 July 2025 to say that his account would attract a fee of £9.99 a month, starting from October 2025.

Mr L wrote to Santander to complain, saying he had been promised free banking services that were guaranteed unless there were any legal or regulatory changes, and that he wasn't aware of any such changes that would justify withdrawing the promise.

However, Santander rejected Mr L's 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 Mr L's account to another product, and that it had given at least two months' notice to allow Mr L to consider his options.

Our Investigator thought about everything Mr L and Santander said, and ultimately decided that Santander was contractually entitled to make the change, and that it had acted fairly and reasonably in doing so.

Mr L rejected our Investigator's findings and submitted that the free-free forever promise implied permanence, that Santander had backed down on a previous threat to introduce a monthly fee in 2012, and that the fee would have a disproportionate impact on his business, due to its small size. He also noted that he had spoken to other people in a similar position, all of whom had received near identical responses from our service, and he felt that brought into question the depth of investigation carried out and implied bias on our service's part.

Because our Investigator couldn't reach an agreement, 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.

Given the passage of time, I can't say exactly what marketing materials Mr L saw when he opened his account. But I've seen various documents that refer to the free banking promise, so I accept what he says about what he was told when he signed up to the account. It's worth noting though, that 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."

And ultimately, Santander accepts that those statements were made, and its position is that it has never made a contractual commitment to free banking forever. And indeed, the terms and conditions of Mr L's account allow Santander to make changes to the agreement between it and him. 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 Mr L two months' notice of any such changes (here, Santander gave three months' notice by way of a letter dated 3 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 Mr L. And that means that Santander is contractually entitled to make changes to its agreement with Mr L, 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.

In replying to our Investigator's findings, Mr L made a number of submissions and asked that I reconsider the decision in light of four points:

1. He felt the word forever implied permanence and wasn't qualified clearly enough to justify its reversal;
2. He felt Santander's decision to withdraw from a previous intention to introduce a fee in 2012 demonstrated that doing so was unfair;
3. He said his business would be disproportionately impacted, due to its small size, and he noted that the additional administrative burden of switching accounts was causing him distress; and
4. He thought our service was biased because it had issued near identical responses to other, similar complaints.

While I've thought about everything Mr L has said, I don't agree that Santander should be made to reinstate his free account.

Ultimately, the account terms and conditions (and not any promotional material) are what govern Mr L's relationship with Santander, and I haven't seen an irrevocable contractual term that obliges Santander to provide free business banking to Mr L 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".

Thinking about what Santander has said, I can agree 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 Mr L has benefitted from free banking services for around 16 years now. So, while I respect Mr L's strength of feeling here, I'm not persuaded Santander has treated him 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 his 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.

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

I understand that Santander changed its mind in 2012, when it last considered introducing a fee for its business account. But I don't consider that amounts to an admission that such actions were unfair, and in any event, my role is to assess the individual facts of each complaint I review, and determine whether or not the bank has acted fairly and reasonably. And for the reasons I've set out above, I don't consider Santander has acted unfairly or unreasonably here.

I accept that this change will have an impact upon Mr L's business, but that doesn't change the fact that it is a change Santander is entitled to implement. And so, it wouldn't be appropriate to award compensation here, given Santander has done nothing wrong.

Finally, while I can't comment on other complaints, what I can tell Mr L is that it is not uncommon for our service to take a similar approach to similar complaints that are brought to our service. While we do consider each complaint on its own merits, it is important that we are consistent in the way we approach similar complaints, and there are times when a bank implements a change like this that generates effectively the same complaint from many different customers. So, while I understand the point Mr L is trying to make, it shouldn't be concerning to him that he has seen similar answers issued to other complainants who were also unhappy at Santander's decision. And I hope Mr L can see from what I have said in this decision that I have considered the complaint he has made, and that he has received a fair and consistent answer.

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 B to accept or reject my decision before 4 March 2026.

Alex Brooke-Smith
Ombudsman