

The complaint

A company I'll call S complains that Santander UK PLC (Santander) introduced a monthly account fee of £9.99, having previously said S would receive fee-free banking forever.

To put things right, S wants Santander to reinstate the free account, or pay compensation. S is represented by its director, Ms G.

What happened

Ms G told our service she opened a business account for S with Abbey National in 2002, having seen a national marketing promise of free business banking forever. She said that promise continued when Santander took over Abbey National and that it was a decisive factor in staying with Santander.

In 2025, Santander introduced a monthly fee of £9.99 for its business bank account, which Ms G says is unfair and unlawful. She complained to Santander, asking it to reinstate the free account, but Santander declined her request. 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 S's account to another product, and that it had given at least two months' notice to allow Ms G to consider her options.

Ms G remained unhappy, so she brought S's complaint to our service. Our Investigator recognised Ms G feels disillusioned by Santander, but ultimately he was satisfied that Santander was contractually entitled to make the change, and that it had acted fairly and reasonably in doing so.

Ms G didn't agree. She said Santander's actions were against FCA principles to treat customers fairly and to communicate in a way that isn't misleading, and she felt Santander had given a lifetime guarantee. She asked for an Ombudsman to review matters afresh.

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 Ms G and Santander have said, before reaching my decision.

Ms G provided our service with a screenshot of an Abbey National web page that says “As long as your business bank account is within certain transaction limits, business banking at Abbey National is free – forever”. She has also provided an account opening letter she received that confirms the account had been opened on Abbey National’s “Free Banking tariff”. The date on the letter is blurred, but it appears to be from 2002.

In addition to that, I’ve also 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”. There are no such caveats on the documents Ms G has provided, but the web page has a button to click for further information, and the letter appears to be the first page only, and I can’t see if any additional documents were included, or if the letter referred Ms G to the terms of the account.

However, 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 S’s account allow Santander to make changes to the agreement between it and S. 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 onto say that it may need to make changes for other reasons that aren’t covered in the list. It says that it will give S 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 S. And that means that Santander is contractually entitled to make changes to its agreement with S, 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.

Ms G has made various submissions including references to FCA principles, the Consumer Rights Act, and general principles of contract law. I understand why she is passionate about her complaint here: she’s unhappy with the principle and thinks there’s been a breach of trust. However, the account terms and conditions (and not any promotional material) are what govern S’s relationship with Santander, and I haven’t seen an irrevocable contractual term that obliges Santander to provide free business banking to S 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”. Given the documents Ms G has submitted are incomplete, they don’t paint the full picture, so I don’t find them persuasive evidence that they amounted to an unqualified promise, particularly in light of the applicable terms and conditions I’ve seen over the years.

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 S has benefitted from free banking services for around 23 years now. So, while I respect Ms G's strength of feeling here, I'm not persuaded Santander has treated S 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 S'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.

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 S by giving two months' notice. So, if it had chosen to do so, that too would have ended S's free banking facilities. And it would create an absurd position if Santander was prevented from closing S's account because of a non-contractual promise, particularly in light of its legal and regulatory obligations.

I can see why Ms G considers Santander has breached her trust, and I understand why she is upset that it has gone back on what she sees as a binding promise. 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 reinstate S's free account or to pay S 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 S to accept or reject my decision before 16 January 2026.

Alex Brooke-Smith
Ombudsman