

The complaint

A company I'll call K complains that Santander UK PLC (Santander) introduced a monthly charge of £9.99 for its business account, having originally said business account banking would be fee-free forever.

What happened

Mr A opened a business account with Santander in 2002. He says that, at the time he opened the account, it was marketed as being free forever, subject to various caveats. K enjoyed fee-free banking for 23 years, but Santander wrote to Mr A on 2 July 2025 to say that K's account would attract a fee of £9.99 a month, starting from October 2025.

Mr A filed a complaint with Santander, saying he didn't consider Santander was contractually entitled to make the change, that the account offered the same services with no additional benefit to K, and that K didn't appear to qualify for the new account it had been offered, as it had more than 2 directors.

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

Our Investigator thought about everything Mr A 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. He also obtained confirmation from Santander that K would be eligible for migration to the new account, despite having more than 2 directors.

Mr A rejected our Investigator's findings and made a number of submissions, including an insistence that the free forever promise formed part of K's contract with Santander. He referred to s1.1.1.1 of the terms and conditions from the year K's account was opened, which provided the following:

"In some places these Conditions refer to details, for example our interest rates and charges, which we will give you separately from these conditions. Those details also form part of the contract between us."

Our Investigator didn't change his mind and maintained of the view that Santander was entitled to introduce a fee for its business banking customers. 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 A and Santander have said, before reaching my decision.

Given the passage of time, I can't say exactly what marketing materials Mr A saw when he opened K's 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 K's account allow Santander to make changes to the agreement between it and K. 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 K 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 K. Indeed, s5 of the 2002 terms and conditions state that Santander can make changes to the contract. So I'm satisfied that Santander is contractually entitled to make changes to its agreement with K, and I've seen nothing that excludes fee changes from that provision.

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

- He felt s1.1.1.1 meant that the fee free forever promise was contractual, not just marketing;
- He didn't feel K's contract had changed over the years;
- He felt it was objectionable that Santander's position was to switch to the new account, or close his account with Santander, and he considered that position to be at odds with UK contract law; and
- He thought Santander was seeking to change the terms of a contract it no longer found to be favourable to it.

While I've thought about everything Mr A has said, I don't agree that Santander should be made to reinstate K's free account. My role is to assess whether or not Santander has acted fairly and reasonably, and so I won't address every point Mr A has made directly (or every point that Santander has made for that matter), and instead I've focused on what I consider to be the key issues.

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

I note Mr A's comments with regard to s1.1.1.1, but I don't consider that changes the position. The terms and conditions document Mr A refers to also states, at clause 5, that Santander can make changes to the contract by notifying K of the change. And Santander has done just that. That also defeats Mr A's argument that the contract hasn't changed over time. Even if that was the case (which for the avoidance of doubt, I do not accept), the 2002 terms allow Santander to make changes to the contract. So that would be its authority to do so, if what Mr A says is correct.

Turning to 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 K has benefitted from free banking services for around 23 years now. So, while I respect Mr A's strength of feeling here, I'm not persuaded Santander has treated K 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 K'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 K by giving two months' notice. So, if it had chosen to do so, that too would have ended K's free banking facilities. And it would create an absurd position if Santander was prevented from closing K's account because of a non-contractual promise, particularly in light of its legal and regulatory obligations.

I can see why Mr A considers Santander's actions to be unethical, and I understand why he is upset that it has gone back on what he 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 K's free account.

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 K to accept or reject my decision before 20 February 2026.

Alex Brooke-Smith
Ombudsman