

## **The complaint**

Mrs M is a sole trader. She complains that Santander UK Plc has behaved unreasonably as it has given notice that it intends to change her business account to one which charges a monthly fee when the original account was taken out with the promise of 'free banking forever'.

The account was branded in the name of another bank within the Santander group, which was taken over in 2004, however for ease I'll only refer to Santander throughout the decision.

## **What happened**

Mrs M business held a current account with Santander which was taken out in April 2003.

Mrs M told us:

- In July 2025, Santander contacted her to say that from October 2025 it would be charging her £9.99 per month for her business account, even though the account should have been free banking for life. Santander would start automatically charging the fee from this point which felt unfair and she'd told the bank she wasn't going to authorise it to do so.
- She had a business account with another bank, but she surrendered this and opened her business account with Santander because it was offering the 'free banking for life.' She could move her account again through the switching service it had mentioned in the correspondence about the introduction of the fee, but that 'felt like letting the bank off the hook' and she wanted the bank to honour what it had promised.
- Santander had changed her account at some point since she'd taken it out, but her account number and sort-code had remained the same. Santander had also said at that time that nothing would change, and if that was the case, it was unclear how it was now able to charge a fee.
- She had always complied with the terms of the account, such as not being overdrawn and meeting the transaction requirements. Santander was happy for her to keep the business account but now wanted to charge her for the account which was illegal and immoral.
- Around fifteen years ago, Santander also attempted to stop free banking for life on its accounts, but this was raised with Parliament and the Financial Ombudsman Service and Santander decided not to proceed. It was unclear what had changed since that point.

Santander told us:

- The bank that operated the account before it took over had marketed a business

current account as 'free day to day banking forever' and marketing material was produced under that banking brand until 2009.

- In 2010, all the accounts held with this bank were moved to a new business current account. The terms and conditions of the new account didn't include free day-to-day banking forever.
- In 2015, it decided to simplify its banking products as many different accounts had been inherited due to various banking mergers. All the accounts which had been moved to the business current account were migrated to a new 'business everyday current account' and the existing business current accounts were closed. All customers holding the business current account were contacted and told that their accounts were being migrated. There was nothing within the terms of the 'business everyday current account' which said the account would be 'free forever.'
- It had made the commercial decision to no longer offer the business everyday current account, and it had written to account holders giving them at least two months' notice of its decision. The account holders were offered the option to close their accounts, switch to a new provider, or be moved to a new classic business current account from 1 October 2025 onwards.
- The terms of the 'business everyday current account' allow it to convert the account into a different one if the everyday account was no longer available, so it hadn't done anything wrong.

Our investigator didn't recommend the complaint be upheld. She said the terms and conditions of Mrs M's business account allowed Santander to make the changes it had proposed, and she noted the terms referred to changes in costs and regulations. She didn't dispute that the promotional material provided to Mrs M when she opened the account said Mrs M's business would get fee-free banking forever and acknowledged this would feel like a broken promise, but she said this material wasn't a formal agreement and did contain caveats to the 'promise'. The investigator also said the terms and conditions of the account allowed Santander to make changes in certain circumstances such as changes to costs and regulations, and she thought it was reasonable for Santander to rely on these terms. The investigator also said the account terms allowed Santander to migrate accounts without explicit consent from its customers, so she didn't think the bank had done anything wrong.

Mrs M didn't agree and asked for an ombudsman to review her complaint. In summary she said that Santander had broken its promise of free forever banking, and that if the bank wanted to withdraw this account to new customers that was its choice, but it should honour the promise made to existing customers. Mrs M said there were other banks offering fee free banking, and that Santander had made significant profits and could afford to keep its promises. Mrs M also said that although the bank could make changes under a legal technicality, the simple truth was that the bank had gone back on its word and was hiding behind its terms and conditions.

### **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.

I'm sorry to disappoint Mrs M as I know she feels strongly about this complaint, but I'm not persuaded Santander has behaved unreasonably here. I'll explain why.

Mrs M feels Santander has broken its promise of fee free banking for life. Mrs M also feels that if the bank wishes to stop offering the account to new customers, that's its choice, but it should still honour the promise it made to existing customers. I recognise why Mrs M feels this way, and there's no dispute by either party that the marketing information for Mrs M's business account when it was opened set out that Santander was offering free banking forever. It's clear this was how the account was advertised, and I've seen the account information from the time that supports this, so I can understand Mrs M's frustration here about the bank's decision to start applying fees.

However, the issue for me to decide here is whether I think Santander is acting unfairly in migrating Mrs M's business account to a new account now, with applicable fees, taking into account the terms and conditions applicable to her existing account. To do that, I have to take into consideration that all the terms and conditions of the account form part of the agreement between Mrs M and Santander, not just a prominently advertised feature.

The terms and conditions applicable to Mrs M's business account when she opened it say:

“5. We can vary these Conditions

5.1.1. We may change these Conditions (which includes adding or removing conditions) by notifying you of the change”

As there is a clear heading here to say that Santander can vary the terms of the agreement, I don't think it's fair to say Santander has hidden behind the terms and conditions to make the changes to the account. I've also looked at the subsequent versions of the applicable terms and conditions available throughout the years - from the time the account was opened until the most recent version. I can see they all contain the same, or similar, wording that allowed changes to be made. So, I think it's fair to say Santander has been clear in the applicable terms and conditions that changes can be made to the account, and I haven't seen any terms guaranteeing free banking forever. Therefore, I think it's fair and reasonable that Santander are relying on the terms and conditions and making these changes.

The other relevant terms and conditions which I need consider are the most recent which were issued in April 2025, given that the bank is making changes at this point in time. In 2015, Santander migrated Mrs M's business current account to a Santander branded 'business everyday current account' and Santander's general terms and conditions applied from this point. They set out that:

“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 account's specific conditions. This includes interest rates or fees (such as adding or removing fees) as well as other terms.”

The terms and conditions also provide a list of reasons the Santander might make changes, which include taking into account changes in costs and regulation. The terms and conditions were updated in April 2025, but the above did not change. So, I'm satisfied the terms and conditions currently applicable to Mrs M's business account allow Santander to make changes, subject to giving sufficient notice of this to its customers. The terms and conditions set out that Santander should give two months' notice of this change, and I can see it's given Mrs M nearly three months' notice, so I'm satisfied it's met its obligations here.

I'm also satisfied this change is supported by the other information which Mrs M would've been given when her business account was opened. The tariff of charges which was provided to customers opening the account in 2003, is titled 'free banking forever', but the information goes on to explain this is subject to relevant changes to the law, regulation or the

imposition of any tax in connections with bank charges. And there have been significant changes to banking regulation since 2003, for example, the obligations on banks to better protect its customers from various risks including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams, significantly increasing the costs of offering an account to both personal and business customers.

Mrs M says that although Santander says there have been changes to regulation, there are still other banks offering free business banking and Santander itself is encouraging other customers to switch accounts with incentives, so it can afford to keep its promises. However, whilst I recognise that some challenger banks and electronic money institutions may offer free business banking, this isn't currently a typical offering from any major retail bank – at least on a longer-term basis. And in Santander's case it's aware that whilst some customers, like Mrs M's business, have benefitted from fee free banking for nearly twenty years, others have been paying significantly more. Santander has said it's taking this step to ensure all its customers are being treated fairly, and I haven't found its acting unfairly in asking Mrs M's business to pay a fee in this case.

I recognise Mrs M's frustration at the banks decision to withdraw this account to existing customers. However, it is a commercial decision that Santander is entitled make about products that it believes are no longer commercially viable, including withdrawing them completely. In this case, it has explained that it will no longer offer the account type that Mrs M's business currently has. This is a decision the bank is able to make, it's not something our service would usually interfere with. And even if there had been a contractual obligation to always provide the account with no fees attached, as Mrs M says, I don't think it's fair to say Santander must continue providing this account type to her business 'forever' if it believed it wasn't feasible to do so. I think it's also worth noting that the terms and conditions allow Santander to close the account as long as it provides sufficient notice.

Mrs M feels Santander has broken its promise, and I acknowledge the disappointment and upset this will have caused. But overall, I'm satisfied Santander is entitled to change the terms and conditions applicable to the account – including in relation to the cost of the account - as long as sufficient notice has been provided, as it has in this case. I can see that Santander has offered Mrs M an alternative business account, albeit with a fee, and it has given her enough notice of the changes so she can find alternative options should she wish to do so. Therefore, I'm not persuaded that Santander has behaved unreasonably here.

### **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 Mrs M to accept or reject my decision before 9 February 2026.

Jenny Lomax  
**Ombudsman**