

The complaint

A limited company, which I will call B, has complained that Santander UK Plc gave notice in July 2025 that it planned to migrate its business account, which was free from fees, to an account which incurs a monthly fee in October 2025.

B says this is unfair as, when it opened the account, Santander promised it would be provided with free banking forever.

Mr K, as director of B, has brought the complaint on its behalf.

What happened

As Santander did not change its position in response to B's complaint, Mr K brought the matter to this Service. Mr K has told us:

- He chose this account in 2011, on the strength of the promise that B would get free day-to-day banking forever. This was not promised only until Santander decided to change the rules or withdraw the account.
- B is a small business that needs to keep overheads as low as possible and so this promise was important to it.
- Finding alternative banking services now will cause significant work, which it should not be having to deal with.
- Santander should not be permitted to “*wriggle*” out of this commitment, which was to B as a customer, so the promise should outlive the account.
- Santander could keep the account on the current terms, or transfer to a new one without cost. So that it upholds the promise made to B.
- B was not made aware of any policy terms and conditions that would allow Santander to do this without drawing it clearly to their attention.
- Santander is claiming a change in the banking landscape means this change is necessary. But it is a large, profitable bank so it is impossible to substantiate its claims.
- Santander offers free personal banking and many other banks offer free business banking.
- If Santander are allowed to get away with this action, it will massively undermine faith in the banking sector. It is against the Financial Conduct Authority (“FCA”) Principles for Businesses and it is a breach of the Consumer Rights Act 2015.

Santander has told us:

- B's account was opened in 2011. None of the literature linked to the account later than 2010 referenced free banking forever. Outside of marketing and other literature, none of the terms and conditions applicable to the account, at any time, have ever included a commitment to free banking forever.

- Over the years, it has needed to review the products it is able to offer its customers and, as part of simplifying the accounts available, it has migrated certain accounts to new products. In 2015, B's account was migrated to an 'everyday account' which has no promise of fee free banking. More recently, it needed to migrate some customers to a new account, and this is also an account with no promise of fee free banking.
- It is satisfied banking services have changed in the years since B's account was opened – around 14 years ago - and there have been changes in the relevant law and regulation. This has resulted in a need to change the way it operates business accounts which justifies a fee being charged.
- To ensure it's providing a fair and consistent service to all its customers, it is simplifying its business account range by consolidating existing business accounts to the 'classic' account which comes with a fee of £9.99 per month. Many of those customers migrating to the classic account have not benefitted from fee free banking for the past 14 years, and most of the products it's migrating have a monthly fee of more than £9.99 per month.
- It's satisfied the implementation of a monthly fee is supported by the terms and conditions and it has given B adequate notice of the intended change.
- B's choices are to move to the new account with a monthly fee, close the account, or switch to a new provider which it will facilitate.

Our investigator looked into the matter. She did not recommend the complaint be upheld, as she was satisfied that Santander had not acted unfairly and it was entitled to make the changes it had.

B didn't accept their findings so the complaint has been passed to me for a decision.

B has made a number of points in response to the Investigator. I have considered everything it has said and have summarised its main points below:

- The promise Santander made was prominent and was the cornerstone of its offer. The idea that a contract term or condition could defeat this is illogical.
- How can such a promise be interpreted standing only as long as Santander feels like honouring it?
- Santander tried this before in 2012 and backed down due to public and media pressure. Allowing it to do it this time is rewarding its persistence and endorses deceptive practice.
- If the small print does allow Santander to cancel its promise, then it should never have been allowed to make it in the first place.
- B should be supported by the Financial Ombudsman Service in insisting Santander sticks to its promise.
- Instead, the Investigator has effectively said B should be grateful for not having had to pay fees until now unlike other customers. What other customers may or may not have to pay is irrelevant.

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.

Relevant considerations

When considering what is fair and reasonable, I am required to take into account relevant

law and regulations; regulator's rules, guidance and standards, and codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

The Financial Conduct Authority ("FCA") Handbook sets out a number of rules and guidance that I consider applicable to this case. These include the Insurance Conduct of Business rules ("ICOBS"); FCA's high-level standards: the Principles for Businesses.

The FCA Principles that I consider are of particular relevance to this complaint are:

Principle 6: *"A firm must pay due regard to the interests of its customers and treat them fairly."*

And

Principle 12: *"A firm must act to deliver good outcomes for retail customers"*.

I have also taken account of the Consumer Rights Act 2015.

Is Santander entitled to make the changes it has and has it acted fairly?

Mr K has referred to marketing information that stated the account provided by Santander offered free business banking forever. Santander has said none of the documentation or marketing information contained a reference to fee free banking after 2010. But I am going to proceed on the basis that Mr K received such marketing and accept that he chose this account based on that promise.

B has benefitted from the free business banking provided by the account for around 14 years - from the time the account opened in 2011 until October 2025. So, the requirement now to pay a monthly fee is a change to the way B is used to using its account.

The issue for me to decide here is whether I think Santander has acting unfairly in migrating B to the new account now. In doing so, I have taken account of the terms and conditions applicable to B's account. The terms and conditions applicable to the account when B opened it in 2011 said:

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

I've also reviewed all 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.

The other relevant terms and conditions to consider, as Santander's making these changes now are the most recent. In 2015, Santander migrated B's account to a Santander branded 'Everyday Current Account' and Santander's general terms and conditions applied from this point. They contained a similar term as set out above and said:

"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)..."

Each edition of the terms and conditions also provide a list of changes Santander might make, which include taking into account changes in costs and regulation; general banking practice and prudent running of the business.

The terms and conditions were updated in April 2025, and the above term did not change.

Mr K has said he was not aware of any such terms and that this is a breach of the Consumer Rights Act 2015.

The Act (and accompanying guidance) sets out the things that could make a contract term unfair – essentially where a term creates a significant imbalance in the rights of the parties to the detriment of the consumer. But in deciding if a term could be unfair The Act also identifies the need to take into account the subject matter of the contract, all the circumstances existing when the term was agreed and all the other terms of the contract.

The provision of banking services is always subject to terms and conditions and at a general level, such variation clauses have a legitimate purpose and are common in financial services consumer contracts (particularly those of long or indeterminate duration). I am not persuaded that a contract term that allows a change to the account conditions, provided notice is given, creates a significant imbalance between B and Santander. I do not therefore consider that it is inherently unfair or unreasonable.

I am also satisfied the terms would have been provided to B and it is sufficiently clear in my opinion. Overall therefore, I do not consider the above term (in any of its variations) to be so unfair or unusual that Santander should not be entitled to rely on it.

So, for the entire time B's account has been open, Santander has made it clear in the applicable terms and conditions that changes can be made to the account, and none of the editions of the terms and conditions provided a guarantee of free banking forever. Despite this, B has benefitted from free business banking for many years.

B says it is illogical that any terms in the contract should be allowed to override the promise made to him about the account being free from fees forever, but it is the terms and conditions that formed the basis of the contractual relationship between B and Santander.

While I accept that B acted on the promise of free banking forever from Santander, it's the terms and conditions that set out Santander's contractual obligations, not the marketing and other literature.

In any case, I'd add that much of the marketing that references free banking forever that I have seen, also explains 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 over the years, 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.

I would also note that each edition of the terms and conditions allow Santander to close the account as long as sufficient notice is given.

Mr K says that Santander should not have made this promise in the first place, if it is permitted to withdraw it. I do not intend to make any findings about this, as I do not consider I need to in order to fairly determine the outcome of this complaint, which is about whether Santander is entitled to change the terms of the account in the way it has.

Given the above, I'm satisfied the terms and conditions currently applicable to B's account allow Santander to make changes to it subject to giving sufficient notice of this to its

customers. The terms and conditions set out that Santander should give 60 days' notice of this change, and I can see it's given B slightly more than this, so it's provided the notice required.

My remit is to consider what is fair and reasonable in all the circumstances of the complaint, so I have also considered (even though Santander is contractually entitled to make the change) whether this change is fair and reasonable overall. When considering what is fair and reasonable, I am required to consider this as it pertains to both parties and not just to B.

While, as B has said, some banks still offer free business banking, it is not currently a typical offering from any major retail bank. The fact some other banks have decided they can offer free business banking does not mean that Santander is obliged to do so. Each bank will make its own decisions about such matters. And the fact Santander might offer free personal banking, does not mean it is obliged to offer free business banking.

Santander says it's aware that whilst some customers, like B, have benefitted from fee free banking for many years, others have been paying significantly more. Santander has said it's taking this step, in part, to ensure all its customers are being treated fairly.

I note that B says what other customers are paying is irrelevant, as it was made a promise. However, this is relevant to my consideration of what is fair and reasonable overall to both parties. I do not consider that the requirement that Santander "*deliver good outcomes for retail customers*" extends to require it to continue providing an account free of fees, when it has determined it is no longer viable for it to do so.

Mr K has also commented that Santander told its customers it would be applying a fee to the account previously (this was in 2012) and reversed this decision. What I'm considering here is whether Santander is entitled to make the changes to B's account now. I do not think any decision Santander made in 2012 impacts the outcome of this complaint.

Taking everything into account, I do not consider that Santander has acted unfairly or unreasonably in asking B to pay a fee in this case.

In addition to everything I have already said, as a commercial business Santander is entitled to decide to change products that are no longer commercially viable, including withdrawing them completely. In this case, it explained it has decided that it will no longer offer the type of account B currently has. This is a decision it's entitled to make and one which this Service wouldn't typically interfere with. So, even if there had been a contractual obligation to always provide the account with no fees attached, I wouldn't have concluded it would be fair that Santander should be obligated to provide this product to B indefinitely where it has decided it is uneconomic to do so. I cannot require a bank to continue to offer an account that it does not consider it viable.

Santander has offered B a reasonable alternative account, albeit with a fee, and it has given B enough notice of the changes so he can find alternative options should he wish to. I understand Mr K feels Santander has broken its promise. But overall, I'm satisfied it's 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; and it has not acted unfairly in doing so. I realise this will be disappointing to Mr K but I do not agree that I can reasonably require Santander to take any different action.

My final decision

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 10 February 2026.

Harriet McCarthy
Ombudsman