

The complaint

A company which I'll call 'J' complains that Santander UK Plc has behaved unreasonably as it has given notice that it intends to change J's account to one which charges a monthly fee, when the original account was taken out with the promise of 'free banking forever'.

The complaint is brought on J's behalf by one of its directors, Mr B.

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

J held a business current account which was taken out with Santander in September 2008.

Mr B told us:

- J's account was opened with Santander because the bank offered free business banking forever.
- Santander contacted J to say that it was withdrawing its current fee-free account and changing this to a chargeable account. This was unfair and the bank shouldn't be able to change such an important condition as it had made an agreement with J to offer that account.
- Santander said it had removed the fee-free banking in previous changes to the account terms. J hadn't been aware of this amendment, and such a change should have been highlighted at the time. It was underhanded to make the change in this way.
- It had complained to Santander, but the bank had said it was able to make the change. That may be the case, but even at a fee of £10 per month over a 20-year period that would mean an additional cost of £2,400 for J, so Santander should at least offer that amount as compensation.

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 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. They said the terms and conditions of J's account allowed Santander to make the changes it had proposed, and they noted the terms referred to changes in costs and regulations. They didn't dispute that the promotional material provided to J when it opened its account said it would get fee-free banking forever and acknowledged this would feel like a broken promise, but they 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 they 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 they didn't think the bank had done anything wrong.

Mr B didn't agree and asked for an ombudsman to review J's complaint. In summary Mr B said that the investigator was finding reasons to side with Santander and that the bank knew what accounts it had taken on when taking over the original bank. He also said there wasn't a time limit on 'forever' and it didn't matter when the fee-free banking was withdrawn from the terms and conditions because that was what the account had been taken out as. He felt the investigator's opinion differed from the law because the bank shouldn't advertise a product that is different to what was supplied. Mr B remained of the opinion that Santander had acted in an underhanded manner and if the account was to be closed or J had to move to an alternative account because of these changes then it should be compensated for the cost.

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 Mr B as I know he feels strongly about J's complaint, but I'm not persuaded Santander has behaved unreasonably here. I'll explain why.

Mr B feels Santander has behaved unfairly by changing the terms of the agreement J entered into with the bank, and that any terms which allowed it to make changes to the agreement should have been more prominently provided. I recognise why Mr B feels this way as there's no dispute by either party that the marketing information for J's 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.

However, the issue for me to decide here is whether I think Santander is acting unfairly in migrating J to a new account now, taking into account the terms and conditions applicable to J's account. Whilst I acknowledge Mr B feels that Santander is relying on the small print here and that previous changes to J's account weren't clearly communicated and weren't in line with what was advertised when the account was taken out, I have to take into consideration that all the terms and conditions form part of the agreement between J and Santander, not just a prominently advertised feature.

The terms and conditions applicable to the account when J 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 behaved in an underhanded manner and 'slid in' changes to the terms of its agreement with J. 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 to consider as it's making these changes now are the most recent. In 2015, Santander migrated J's account to a Santander branded 'Everyday Current Account' and Santander's general terms and conditions applied from this point onwards. They provide a list of changes Santander might make, which include taking into account changes in costs and regulation. The terms and conditions were updated in April 2025 and state:

"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)..."

So, I'm satisfied the terms and conditions currently applicable to J'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 J slightly more than this, so it's provided the notice required.

I recognise that Mr B feels strongly that literature outside of the terms and conditions, such as the brochures and advertisements at the time formed part of Santander's obligation to J. And I have considered this point, and the literature, carefully. But the terms and conditions are what outline the contractual obligations between Santander and its customer. Even if the other literature did form part of the contractual agreement J had with Santander, it would still be able to change this agreement under the terms and conditions outlined above.

I'm also satisfied this change is supported by the information I've seen that would've been given to J when the account was opened. The tariff of charges which was provided to customers opening the account in 2008, 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.

I recognise that Mr B may feel it's unfair that J's account has been changed because of this, and that Santander was aware of the accounts it took over from the original bank. However, I don't think it's fair to say that Santander could foresee the changes that have taken place in the banking sector, and I think it's reasonable that it has relied on the terms which were provided initially to make these changes.

Whilst I recognise that in the wider banking sector, 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 J, 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 recognise that Mr B says this is irrelevant to J's account, but I haven't found it acting unfairly in asking J to pay a fee in this case.

It is a commercial decision that Santander is entitled to 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 J currently has. This is a decision it's allowed to make and one which this Service wouldn't interfere with. So, even if there had been a contractual agreement to always provide the account with no fees attached, as Mr B says, I don't think it's fair to say Santander must continue providing this account type to J 'forever' if it believed it wasn't feasible to do so. Nor does it mean the bank has to pay compensation for the decision to no longer offer an account. 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.

I recognise Mr B feels Santander has broken its agreement with J, and I acknowledge the frustration and disappointment 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 J an alternative account, albeit with a fee, and it has given J enough notice of the changes so it can find alternative options should it 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 J to accept or reject my decision before 27 February 2026.

Jenny Lomax
Ombudsman