

The complaint

Mr H complains that Santander UK PLC (Santander) introduced a monthly charge of £9.99 for his business account, having originally said business account banking would be fee-free forever.

What happened

Mr H opened a business account with Santander (then Abbey National) in 2007. He says that, at the time he opened the account, it was marketed as being free forever, but that Santander tried to move him to a fee-paid account in 2025.

Mr H said he was told his account would be free forever, and disputes that Santander is contractually entitled to implement the change.

When Mr H complained to Santander, it rejected his complaint, saying it had acted in accordance with its terms of business, and that Mr H would need to move to the new account, close his account, or switch to another provider. It said it had made the changes because the business banking landscape had changed considerably over the last decade, and that it needed to introduce a new account, in order to continue to provide excellent service.

Our Investigator looked at Mr H's complaint, but he didn't uphold it. He was satisfied Santander was contractually entitled to make the change, and he noted that the marketing materials that referenced free banking also contained various caveats detailing the circumstances in which Santander might change its policy. Ultimately, he wasn't persuaded that Santander had treated Mr H unfairly by introducing a fee for its banking, so he didn't uphold Mr H's complaint.

Mr H rejected our Investigator's findings, saying the lifetime guarantee can't be removed by a general variation clause. Our Investigator's view remained unchanged though, so Mr H asked for an Ombudsman to review the matter 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 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 H and Santander have said, before reaching my decision.

Given the passage of time, I can't say exactly what marketing materials Mr H saw when he opened his 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.

And ultimately, Santander accepts that those *marketing* 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 Mr H's account allow Santander to make changes to the agreement between it and him. 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 Mr H two months' notice of any such changes (here, Santander gave three months' notice by way of a letter dated 3 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 Mr H. And that means that Santander is contractually entitled to make changes to its agreement with Mr H, 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.

And, while I've thought about everything Mr H has said, I don't agree that Santander should be made to reinstate his free account.

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

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.

Mr H benefitted from free banking services for around 18 years. So, while I respect his strength of feeling here, I'm not persuaded Santander has treated him 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 his 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 Mr H by giving two months' notice. So, if it had chosen to do so, that too would have ended his free banking facilities. And it would create an absurd position if Santander was prevented from closing Mr H's account because of a qualified non-contractual promise, particularly in light of its legal and regulatory obligations.

I understand that Santander changed its mind in 2012, when it last considered introducing a fee for its business account. But I don't consider that amounts to an admission that such actions were unfair, and in any event, my role is to assess the individual facts of each complaint I review, and determine whether or not the bank has acted fairly and reasonably.

And for the reasons I've set out above, I don't consider Santander has acted unfairly or unreasonably here.

I accept that this change will have an impact upon Mr H's business, and that he is disappointed that Santander has gone back on what he thought was a lifetime promise, but that doesn't change the fact that it is a change Santander is entitled to implement. And so, it wouldn't be appropriate to award compensation here, or tell Santander to reverse its decision, given Santander has done nothing wrong.

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 R to accept or reject my decision before 10 April 2026.

Alex Brooke-Smith
Ombudsman