

The complaint

Mr N complains that Santander UK Plc has behaved unreasonably as it has given notice that it intends to change his business current 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

Mr N held a business current account which was taken out with Santander in July 2010 to receive rental income.

Mr N told us:

- The account was opened with Santander because the bank offered free business banking forever, which was important as the profits from the rental income aren't huge and therefore it's not practical to have an account with a significant fee.
- Santander contacted him to say that it was going back on its original offer of fee free banking forever and changing this to a chargeable account. This was unreasonable and the bank shouldn't be able to change the costs.
- If the bank saw the possibility of the banking landscape changing in the future, it shouldn't have marketed the product as 'free forever.' The account had therefore been mis-sold.
- He'd complained to Santander, but the bank had dismissed the complaint immediately without investigation and directed him to our service. The bank shouldn't have directed him to our service but fairly deal with the complaint internally itself.

Santander told us:

- The bank that operated this type of 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 Mr N'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 Mr N when he opened his account said he would get fee-free banking forever, but they didn't agree Mr N had been mis-sold the account and said the marketing 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. They also said that complaint handling wasn't an activity our service covered by our service, so they were unable to address Mr N's concerns about Santander's complaint investigation.

Mr N didn't agree and asked for an ombudsman to review his complaint. In summary, Mr N said he felt the investigators opinion differed from the law because the bank shouldn't advertise a product which is different to what was supplied - and Santander had broken a reasonable expectation by doing so. Mr N felt Santander had used misleading marketing material and had broken the law. So, he asked that the complaint be reviewed with consideration of the marketing material in particular.

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 N as I know he feels strongly about this complaint, but I'm not persuaded Santander has behaved unreasonably here. I'll explain why.

Mr N feels Santander has behaved unfairly by changing the terms of the agreement he entered into with the bank. And it has hidden behind the account name and terms being changed historically which is unreasonable. I recognise why Mr N feels this way as there's no dispute by either party that the marketing information for Mr N'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.

I acknowledge Mr N feels Santander is hiding behind the account name change and amended terms and conditions and has acted unethically. I also acknowledge Mr N feels Santander's marketing material has broken UK consumer protection law. However, as an ombudsman it is not my role to say whether a business has acted unlawfully or not – that's a matter for the Courts. My role is to decide what's fair and reasonable in all the circumstances

of the complaint. In order to decide that I have to take a number of things into account including relevant law and what I consider having been good industry practice at the time.

The issue for me to decide here is whether I think Santander is acting unfairly in migrating Mr N to a new account now, taking into account the terms and conditions applicable to his account. And to do that, I do have to take into consideration that all the terms and conditions form part of the agreement between Mr N and Santander, not just a prominently advertised or marketed feature.

The terms and conditions applicable to the account when Mr N 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 unreasonable manner by going back on its original offer and mis-sold the account because it has made changes to the terms of its agreement with Mr N. 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 Mr N'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 Mr N'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 Mr N more than this, so it's provided the notice required.

I recognise that Mr N feels strongly that Santander has acted unreasonably and unethically because it marketed the account as fee free forever and therefore it should meet its obligation to him. 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 'fee free forever' marketing material and related literature did form part of the contractual agreement Mr N 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 Mr N when the account was opened. The tariff of charges which was provided to customers opening the account in 2010, 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 N may feel it's unfair that his account has been changed because of this. And that Santander was aware of the accounts it took over from the original bank and should have been aware of potential changes to the business banking sector. 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 financial environment, and I think it's reasonable that it has relied on the terms which were provided initially to make these changes.

I also 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 Mr N, 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 Mr N to pay a fee in this case.

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 Mr N 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 N says, I don't think it's fair to say Santander must continue providing this account type to him '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.

I recognise Mr N feels Santander has broken its agreement with him and its communication and advertising at the time he opened the account were misleading. I also recognise the impact Mr N says that this change will have on his rental income, and I recognise the upset this will likely cause. 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 Mr N an alternative account, albeit with a fee, and it has given him 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 Mr N to accept or reject my decision before 6 March 2026.

Jenny Lomax
Ombudsman