

complaint

Mr N complains about the investment hub he opened with Santander UK Plc.

He's unhappy that Santander, without his authority, unnecessarily opened a cash account. In doing so it acted improperly.

background

On 17 March 2017, Mr N opened a Santander Investment Hub account and invested £100 into the Seven Investment Adventurous Fund.

He then tried to set up a monthly direct debit – to pay in £20 a month – but in December 2017 noticed that it wasn't set up.

Santander corrected the error so the direct debit would start from January 2018, and paid Mr N £100 compensation for the trouble and upset caused. Santander also offered to backdate the price of the fund for the missed direct debit payments from June 2017 to February 2018 if Mr N still wanted to invest the £180 that hadn't been invested.

In May 2018 Mr N requested a copy of the call recordings he had with Santander, and in due course he was provided with a CD containing 26 calls. Unfortunately, Mr N couldn't listen to the calls. Santander said it would provide the calls on a USB stick and paid Mr N £50 compensation for the time it took to respond.

One of our investigators considered the complaint but didn't think it should be upheld. In summary, he said;

- Although Mr N says the cash account is unnecessary, Santander has made clear that a cash account is '*compulsory*' as it's used to take the platform fee. It said
 - "When we open a Hub Account for you we'll also automatically open a Cash Only Account. The main purpose of this account is to pay the Platform Service Fee."
- Mr N's direct debit is paid in as cash into his investment account and it's immediately used to purchase units in the fund, and this is shown in the statements in the fund.
- Although it may not be clear, it's possible to hold cash in the investment account as well as investments. So the credit sitting in Mr N's cash account is being used to pay the platform fees (which are modest compared to the size of the holdings) in line with the terms and conditions.
- If the cash account balance reduces – and there isn't enough to pay the fees – units will be sold to pay the fees.
- Although Mr N has found dealing with Santander frustrating, it has dealt with him fairly. The £150 paid for the trouble and upset caused is fair and reasonable in the circumstances.

Mr N disagreed with the investigator's view and has asked for an ombudsman's decision. In summary he says:

- There are continuing issues since the compensation was paid.
- He doesn't feel the letter Santander sent on payments has been looked at properly.
- He never received any information about a cash account being opened. There are three parts to these accounts and he only agreed to one part being opened.

- The cash account was opened well after his investment account was opened and Santander was taking fees from his account without issue. He doesn't feel a cash account was therefore necessary. Santander has a process by which it takes out fees and has been doing so for the past year.
- He's requested a copy of all the documentation our service has received from Santander.

Our investigator having considered the additional points wasn't persuaded to change his mind. In short, he said:

- Santander confirmed that Mr N signed up online on 20 March 2019. Thereafter Santander sent out a registration form for signing by Mr N and to confirm that he requested the hub account. Its records show he signed the form on 27 March 2017.
- Santander also confirmed using an example of Mr N's hub statement the following:
 - Three components to the hub.
 - The cash only account denoted with 001 which suggests it was opened first.
 - The investment account denoted 002 which suggest that it was opened second.
 - Investment account as 003 suggests it was opened third.
 - The transactions show that on 16 April 2017, £100 was initially paid into the investment account as cash and invested in units on 20 April 2017.
 - All fees – highlighted in yellow were taken from the cash only account.
 - On 8 May 2017, when the first fee of £0.01 was due, units were sold to that value on 3 May 2017 from the investment account and the proceeds transferred to the cash only account the same day. The next fee on 10 November 2017 was dealt with in the same way.
 - On 1 March 2018, Mr N then paid £20 into the cash only account, these funds were never invested, so his subsequent fees have all come from the cash only account.

As no agreement has been reached the matter has been passed to me for review.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I agree with the investigator's conclusions for much the same reasons. I'm not going to uphold this complaint.

On the face of the evidence, and on balance, despite what Mr N says, I don't think Santander has behaved unreasonably.

But before I explain why, I think it's important for me to recognise Mr N's frustration and strength of feeling about this matter. I'm also sorry to learn of Mr N's recent ill health.

Mr N has provided detailed submissions to support the complaint, which I've read and considered carefully. However, I hope he won't take the fact my findings focus on what I consider to be the central issues, and not in as much detail, as a discourtesy.

The purpose of my decision isn't to address every single point raised. My role is to consider the evidence presented by Mr N and Santander, and reach what I think is an independent, fair and reasonable decision based on the facts of the case.

In deciding what's fair and reasonable, I must consider the relevant law, regulation and best industry practice, but I'm not bound by this. It's for me to decide, based on the information I've been given, what's more likely than not to have happened.

On the face of the evidence, and on balance, despite what Mr N says, I'm satisfied that the setup of the cash account was necessary. In other words, it was as Santander has made clear '*compulsory*' and not something that Santander could do without.

I appreciate Mr N says it's not something that he specifically agreed to, but I don't think he had to, in order for Santander to set up the cash account. On the contrary, I think it was triggered following his signing up online and forthcoming registration. I'm also mindful the cash account was denoted with the numbers '001' which would also suggest, despite what Mr A says, that it was the first account to be set up.

I appreciate Mr N maintains that the cash account wasn't necessary, and that Santander had been taking fees without it, therefore there was no need for it. But based on what Santander has said – as set out in the background – I think Mr N's analysis is wrong.

What Mr N refers to is more like a temporary default measure. Because there were insufficient funds in the cash account – between May 2017 and November 2017 – the fees (albeit nominal) had to be deducted from the investment. I think having a cash account means that the fees can be paid separately without impacting on Mr N's investment, especially if they're likely to be higher in future as the investment grows.

And I understand that on 1 March 2018, Mr N's £20 was paid into the cash only account, so his subsequent fees would come out from there rather than his investment. I'm unable to say there's anything wrong with that.

I understand that this may be the same money Mr N says was paid into the cash account by Santander in error and he'd like the money to be paid into his investment account. I understand that Santander is unable to transfer any amount that's less than £100 so suggested that he use part of his compensation money to top-up the sum and successfully transfer the money. I understand Mr N feels he shouldn't have to use his compensation money for this and I think he's right, he doesn't have to. But I don't think Santander was wrong to suggest it. Mr N could use other funds to top up the money and transfer it.

I'm mindful of the history of this complaint and the issues Mr N had setting up the direct debit, and the subsequent issues with Santander providing the call recordings in a format that Mr N could listen to. On the face of the evidence, and on balance, for the record I think Santander's offer to pay £150 compensation for the trouble, plus the missed interest (if he wanted to invest the £180) is broadly fair and reasonable. I also understand the direct debit issues have also been rectified.

I appreciate Mr N will be unhappy I've reached the same conclusion as the investigator. Furthermore, I realise my decision isn't what he wants to hear. But on the face of the available evidence, and on balance, I'm unable to uphold the complaint and give him what he wants.

my final decision

For the reasons set out above, I don't uphold this complaint and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 9 January 2020.

Dara Islam
ombudsman