

## **complaint**

Mrs D complains that Santander UK Plc stopped paying interest on her account without telling her.

## **background**

Mrs D has a current account with Santander. There's a monthly charge for the account, and it pays interest when the conditions are met. One of those conditions is that there have to be two active direct debits on the account. Mrs D met that condition. But one of the direct debits on this account was for a TV licence, and her household became entitled to a free licence. So the direct debit lapsed. That meant that Santander stopped paying interest. Mrs D didn't know that, because she only gets her statements quarterly.

Mrs D didn't think that Santander should've kept charging her, when it wasn't paying interest. Mrs D said she had complained, but Santander wouldn't refund the charge.

Santander said that it hadn't paid interest because Mrs D hadn't met the conditions. And it said that this is a self-managed account, so it expects Mrs D to keep an eye on it herself. It won't write out and tell her if one of the conditions for the payment of interest is no longer met. Santander didn't think it had made a mistake.

Our investigator didn't uphold this complaint. She said that Santander set out the qualifying criteria for interest plainly in the account terms. And Mrs D didn't meet those criteria. She knew that Mrs D didn't realise that a direct debit had been cancelled, but our investigator didn't think it was Santander's responsibility to ensure another direct debit was set up.

Mrs D said that she agreed with everything that had been said, but that our investigator hadn't mentioned the monthly fee that she was paying. She thought that if the criteria for interest weren't met, then there shouldn't be a monthly fee. Mrs D said that accounts that have monthly fees for services that weren't used or were unable to be used were deemed wrong by the government, and banks had to pay back customers who had been sold those accounts. Mrs D said that she thought this account was similar.

Our investigator wrote again to say that she didn't think it was unfair for Santander to keep charging the monthly fee, even if it wasn't paying interest. She said that it was an agreed fee for access to the account's features. Even though one of those features wasn't being provided, because the condition wasn't met, it wasn't unfair for Santander to keep charging for the product as a whole.

Mrs D said that she understood that she'd agreed to pay the fees for this account, but she said that a family member had also agreed to pay a monthly fee for a packaged bank account, and that family member had received a refund of all those fees. Mrs D didn't see why this was different. She didn't think she should have to pay for something that she wasn't getting any benefit from.

Our investigator said that she couldn't ask one bank to pay back fees, just because another had provided a refund.

Mrs D said that she wanted her complaint to be considered by an ombudsman, so the case was passed to me for a final decision.

## my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've reached the same conclusion on this case as our investigator.

Mrs D was charged for the account she holds with Santander. It's clear from the terms and conditions that she will be charged for this account.

Mrs D receives interest on this account, when she meets a number of qualifying conditions. Those conditions include having two active direct debits on the account. Mrs D said that she didn't know one had been cancelled. I'm sorry to have to tell her that Santander doesn't have to notify her of that. And it doesn't have to pay her interest if she doesn't meet the conditions of the account. That's in line with the terms and conditions she agreed to when she opened the account.

I know Mrs D thinks this isn't fair. And I understand that she thinks that this account is just the same as a packaged bank account, because it includes benefits. She said that other banks had been made to pay back the fees for packaged bank accounts that they sold to customers, and she thought that Santander should have to pay these fees back too, because she'd stopped getting the benefit she wanted from the account.

I don't agree with that. I'll explain why.

Lots of banks used to offer packaged bank accounts, which are current accounts that come with a "package" of extra features – sometimes extra insurances, sometimes better rates on overdrafts or loans. There's usually a monthly fee.

Banks sometimes have to pay back those fees. If someone didn't want, couldn't use or didn't need any of the account's features, then this service is likely to say it wasn't right for them, and we might ask the bank to pay back the fees it has charged. That's something we do in cases where we think that the bank was wrong to sell that account to that customer.

But that's not true in every case. So we won't always ask a bank to pay back the fees.

It's not necessarily wrong to charge someone for something if they don't get anything back from it. I know that might sound like an odd thing to say, but think about insurance. If I take out a home insurance policy but I don't claim on it, that doesn't mean it was a waste of my money. And it doesn't mean that the insurance company was wrong to sell it to me.

The same goes for insurance and other features that come with packaged bank accounts. If someone hasn't used all features of the packaged bank account, that doesn't mean the bank was wrong to sell it to them.

In this case, I don't think that there's anything at all to make me think that Santander was wrong to sell this account to Mrs D. This account pays a higher rate of interest than most current accounts or even savings accounts, as long as the qualifying conditions are met. Mrs D has benefitted from that, until a direct debit lapsed. I don't think that Santander has to pay Mrs D back her fees, because she stopped meeting the conditions for interest for a while, and didn't get interest then. That doesn't mean that Santander was wrong to sell Mrs D this account in the first place.

I know that Mrs D will be disappointed, but I don't think her complaint should be upheld.

**my final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 5 August 2018.

Esther Absalom-Gough  
**ombudsman**