

The complaint

Mr C complains about Santander UK Plc, trading as Cahoot, stopping a transaction which caused him a financial loss. Also, their service, subsequent action to block his account and complaints handling.

What happened

I issued a provisional decision on 10 April 2024, and this is what I said:

I've considered the relevant information about this complaint.

Based on what I've seen so far, there will be a different outcome to what our investigator proposed. Before I issue my final decision, I wanted to give everyone a chance to reply.

I'll look at any more comments and evidence that I get by 24 April 2024. But unless the information changes my mind, my final decision is likely to be along the following lines.

The complaint

Mr C complains about Santander UK Plc, trading as Cahoot, stopping a transaction which caused him a financial loss. Also, their service, subsequent action to block his account and complaints handling.

What happened

There are 2 strands to Mr C's complaint. They are as follows:

Strand 1

His account was blocked when, after setting up a savings account with Bank A as a payee on Cahoot's system and paying them £1, he attempted to pay a further £19,999.

Due to it being a Saturday and a bank holiday weekend, Mr C had to wait until the next business day to speak with Cahoot.

Although the payment was subsequently made, Mr C was dissatisfied because he:

- He lost a small amount of interest*
- Temporarily lost access to his account and experienced 'frustration and being put in a vulnerable position by having to engage in a time consuming and difficult process to regain access to my account through no fault of my own'*
- Feels 'the requirements were not proportionate or tailored to my situation at all and were not set up to minimise disruption or inconvenience to me as a customer'*

Strand 2

Mr C complained to Cahoot about strand 1 and he was dissatisfied with Cahoot's service and not getting a response to his complaint.

Escalation

Mr C brought his complaint to our service, looking for compensation for lost interest and his stress, time and trouble.

As a gesture of goodwill Cahoot offered Mr C £8.75 lost interest and £50 for the distress and inconvenience. They said they didn't make an error with strand 1 but regarding strand 2 said:

- 'It doesn't appear that a complaint was set up and therefore Mr C didn't receive a reply'
- On a call, Mr C 'was unhappy and mentioned a complaint' and 'we could have offered to either set up a complaint or perhaps transfer the customer to our complaints team'

Mr C's complaint was reviewed by two of our investigators. Prior to redeployment our first investigator didn't uphold Mr C's complaint. Due to Mr C's dissatisfaction, a second investigator reviewed his complaint. He didn't uphold strand 1 either but said the £50 compensation payment for strand 2 should be increased to £100.

However, Mr C remains dissatisfied and, as he would like an apology and a minimum of £350 compensation, his complaint has been referred to me to look at.

What I've provisionally 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.

Having done so, I'm not upholding this complaint and I'll explain why. I'll focus on what I think are the important points to reach a final decision. But I've carefully considered all the points Mr C has made, even if I don't specifically address them all.

Strand 1

Cahoot have legal and regulatory responsibilities and are required to protect their customers from fraud and scams. I'm satisfied they were concerned about the payment Mr C was trying to make and the terms and conditions of Mr C's account say they:

- 'Have the right to refuse to allow any withdrawal, or make any payment, from your cahoot account: if we reasonably believe or suspect it relates to fraud'
- 'There may be a delay in processing the payment instruction while fraud prevention checks take place. We may need to contact you if we suspect that a payment is fraudulent'.

So, I don't think their actions to prevent the transaction, place a block or ask additional security questions were unreasonable.

As Mr C attempted the transaction during the bank holiday weekend, I appreciate his frustration at having to wait until the Tuesday to make his payment and have the block removed. Sometimes banking can be frustrating and take time, but I'm satisfied Cahoot had a genuine concern over his transaction. Also, they were entitled to put fraud prevention methods in place and their terms and conditions refer to 'working days'. So, I don't think it unreasonable for Mr C to have to wait until they re-opened for business on the Tuesday.

I recognise the transaction approval and removal of the block were lengthy and not straight forward and the calls took up Mr C's time, however in addition to the above:

- Online transactions are highly susceptible to fraud and scams
- There are scams where customers are persuaded to open an account elsewhere where a scammer has control and / or influence within limit payments

- *The transaction involved was a large amount*
- *Cahoot also have a requirement to protect themselves from such risks*

So, for the above reasons, I also can't see that Cahoot have done anything wrong here.

Strand 2

I'm sorry to hear that Mr C didn't receive a response to his complaint. Although Cahoot accept there was a failure with their automated complaints process, which resulted in them failing to set up a complaint, I must point out that there are rules (known as DISP Rules) laid down by the Financial Conduct Authority which means complaint handling is not a regulated activity. So, I'm unable to consider this aspect of Mr C's complaint.

However, I can see Cahoot recognise their customer service wasn't up to standard when they say:

They 'heard on the last call that the customer was unhappy and mentioned a complaint, I also feel we could have offered to either set up a complaint or perhaps transfer the customer to our complaints team in this regard. As a gesture of good will I agree to refund Mr C £8.75 lost interest and I would like to offer £50.00 D&I in recognition of the poor customer service he received in regards to his complaint'.

I think this is a fair and reasonable amount of compensation to be offered for this type of poor customer service.

Conclusion

So, having considered the above and all the information on file, I'm not upholding this complaint.

My provisional decision

For the reasons I've given above, it's my provisional decision not to uphold this complaint against Santander UK Plc, trading as Cahoot.

I'll look at anything else anyone wants to give me – so long as I get it before 24 April 2024.

Unless that information changes my mind, my final decision is likely to be as I've set out above.

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 didn't receive a response from Mr C and Cahoot said they had nothing further to add.

So, as no further arguments or evidence have been produced in response to my provisional decision, my view remains the same.

I therefore adopt my provisional decision and reasons as my final decision.

My final decision

For the reasons mentioned in my provisional decision, my final decision is not to uphold this complaint against Santander UK Plc trading as Cahoot.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 24 May 2024.

Paul Douglas
Ombudsman