

The complaint

Mr and Mrs W are unhappy that Santander UK Plc blocked a payment they tried to make.

What happened

Mr and Mrs W drove to a car dealership to purchase a car. They'd told Santander the day before that they intended to buy a car, but when they tried to make the payment, it was blocked by Santander.

Mr and Mrs W spoke with Santander and confirmed that the payment attempt was genuine. But when they attempted the payment again it was blocked by Santander for a second time. Mr and Mrs W spoke with Santander again at which time they were told that the payment request needed to be reviewed and that this could take up to 24 hours. Mr and Mrs W weren't happy about this as it meant they had to return home without the car. So, they raised a complaint.

Santander responded to Mr and Mrs W and explained that the payment had been blocked by their fraud prevention systems in line with their terms and conditions, and that these systems weren't affected or influenced by any given prior notice that a payment might take place.

However, Santander did confirm that the agent with whom Mr and Mrs W has spoken hadn't referred their payment to the correct team after the payment was blocked for the second time, and this had meant that Mr and Mrs W hadn't received a call back about the payment as quickly as they might have done. Santander apologised to Mr and Mrs W for this and made a payment of £80 to them as compensation for any trouble and upset this may have caused. Mr and Mrs W weren't satisfied with Santander's response, so they referred their complaint to this service.

One of our investigators looked at this complaint. But they felt that Santander hadn't acted unfairly by blocking the attempted payment as they had. And they also felt that the £80 compensation that Santander had paid Mr and Mrs W for not referring the payment to the correct team was already a fair resolution to that aspect of Mr and Mrs W's complaint. Mr and Mrs W didn't agree with the view of this complaint put forwards by our investigator, so the matter was escalated to an ombudsman for a final decision.

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.

Fraud prevention systems are used by all financial institutions to flag account activity that may be of concern and to prevent further usage of an account where it's felt that there is a possibility that fraud may be potentially occurring. Indeed, it must be noted that financial institutions such as Barclays have an obligation to employ such systems in order to comply with banking regulations which require banks to have systems in place to protect their customers' accounts, as much as possible, from acts of attempted fraud.

I'm aware that Mr and Mrs W feel that because they told Santander in advance that the payment might be made that it shouldn't have been flagged by Santander's systems. But unfortunately, because of the nature of certain types of scams – many of which involve victims being convinced to authorise scam payments with their bank – it isn't the case that fraud prevention systems should be bypassed by banks in cases where their customer has told them in advance that a payment might be taking place.

Additionally, it's incumbent on banks to employ these systems with a degree of vigilance – to err on the side of caution, as it were. This means that it unfortunately can be the case that a bank will act cautiously with the protection of its account holder's money in mind in instances where no scam is taking place and where the account holder is genuinely trying to make a payment. And I feel that this is what's happened in this instance.

Furthermore, fraud prevention systems often flag attempted payments as requiring different levels of authorisation and approval. It was for this reason that the payment was flagged for the second time after Mr and Mrs W called Santander in the first instance – because the block required a higher level of approval for it to be removed than the agent with whom Mr and Mrs W spoke could provide. And, given the nature and purpose of fraud prevention systems, most bank staff aren't aware of the factors that influence the systems or whether they'll be able to remove a payment block until they've attempted to do so and the payment has been re-attempted and either completed or been declined again.

This isn't to say Mr and Mrs W weren't inconvenienced or frustrated by what happened here. Indeed, it's clear and obvious that there were. But it is to say that I don't feel that Santander should fairly be held accountable for the inconvenience and frustration that Mr and Mrs W experienced. Rather, I feel this inconvenience and frustration was unfortunately necessary and understandable, given the circumstances here, including Santander's obligations as I've described them above and the concerns about the payment that Santander clearly had.

And, while it wasn't the case that Mr and Mrs W were being scammed here and that the payment was a genuine instruction from them, I'd ask Mr and Mrs W to consider how they'd feel if they had been unknowingly in the process of being scammed and if Santander had transferred the significant amount of money that they'd tried to pay to those scammers. And I'd also ask Mr and Mrs W to consider that while the fact that they weren't being scammed was clear and obvious to them, this wasn't the case for Santander, who must assess all payment requests from a detached position and with their regulatory obligations in mind.

Ultimately, there isn't a way to guarantee that a payment made as a faster payment – the method by which Mr and Mrs W attempted to make the payment – won't be flagged by a bank for further checks. And because of this I don't feel that Santander acted unfairly or unreasonably by flagging the payment and for not processing the payment when Mr and Mrs W tried to make it. And so, I won't be upholding this aspect of Mr and Mrs W's complaint.

In their response to Mr and Mrs W's complaint, Santander acknowledged that their agent hadn't referred the payment to the correct team, following the second decline. This meant Mr and Mrs W didn't receive a call back about the payment as soon as they might have done, had it been referred correctly. Santander apologised to Mr and Mrs W for this and made a payment of £80 to them as compensation for the trouble and upset this may have caused.

Matters of compensation can be subjective. But the £80 already paid to Mr and Mrs W does feel fair to me. In reaching this position I've considered that this compensation isn't paid to Mr and Mrs W because Santander blocked the payment – which as I've explained above, I don't feel was unfair – but only because it wasn't referred to the correct team which meant that Mr and Mrs W didn't receive a call back about the payment as quickly as they could have done. And I feel that £80 is a fair compensation amount for that specific error.

I appreciate that this won't be the outcome Mr and Mrs W were wanting, but it follows from all the above that I won't be upholding this complaint or instructing Santander to do anything more here. I hope that Mr and Mrs W will understand, given what I've explained above, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 6 November 2023.

Paul Cooper
Ombudsman