

The complaint

Miss R complains, via her financial adviser, that Santander UK Plc incorrectly recorded her address which meant she didn't receive any statements or other correspondence on her account for nine years. She says this caused her distress and a loss of interest.

What happened

Miss R said Santander input the wrong postcode when she changed her address after 2013 and she hasn't received any account correspondence for almost 10 years. She said she had handwritten her address on a savings book for a predecessor bank for which the latest transaction was April 2013. She called Santander who could not find her account and she said the £390,000 balance from April 2013 had apparently disappeared into thin air.

Miss R is elderly and in poor health, and said how upsetting it was to hear that Santander didn't hold any accounts in her name. She called Santander again and its agent recognised the type of account from the starting letter and found it. Miss R said she had to send in a letter from a government department, but was then told Santander needed a passport.

Miss R's financial adviser rang again, and this time Santander's agent updated her address and would send bank statements, but after two weeks they hadn't arrived and another call and another promise followed, but still no bank statements. Miss R complained in January 2023, but after two more weeks there were still no bank statements, and she withdrew the funds from her account.

Santander sent its final response to Miss R's complaint and said that due to the incorrect address held it had been sending correspondence to the wrong address. Santander apologised to Miss R for the error and paid her £175 compensation.

Miss R described Santander's response as an insult given its incompetence and inability to send bank statements. She described dealing with Santander as a nightmare and said she has been hugely upset. She said Santander paid her only 0.1% interest per annum over the last ten years, turning £390,000 into £393,065. She said if she had received regular statements she would have noticed this and moved to a higher interest paying account. Miss R estimated her loss at £11,000, which she said was caused by Santander's incompetence.

Miss R referred her complaint to our service. She wants Santander to apologise properly and not make it almost impossible for someone of her age and skills to speak to someone. She said Santander should pay her for the distress caused and at least half the interest lost.

Our investigator didn't recommend the complaint be upheld. She said the passbook was last updated in 2013 and the account hadn't been used for many years and Santander couldn't say why it held an incorrect address. The investigator said Santander asked Miss R to visit a branch with photo ID to correct the address, which wasn't possible for her, but the change was made by phone in January 2023. She said Miss R's financial adviser told Santander that she had been trying to trace the account for six months to a year before Santander found it. But Santander had no record of any calls or letters from Miss R before November 2022.

Regarding the interest rate, the investigator said all rate changes are publicised for savers, and she couldn't fairly say that Santander's failure to contact Miss R resulted in her not receiving a better interest rate. She appreciated the upset Miss R had suffered but thought Santander had acted fairly by acknowledging its error and paying £175 compensation.

Miss R disagreed with the investigator and requested an ombudsman review her complaint. She said Santander had told her it input the wrong postcode for her address on its system and provided an incorrect account number. She said the compensation wasn't fair.

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've looked carefully at Santander's actions and handling of Miss R's account to see if it acted within the terms and conditions and rules that apply. And to see if it has treated Miss R fairly in the circumstances of her complaint.

From Miss R's description of the events and that of her financial adviser it appears that she was unaware that the passbook related to a live account, holding substantial funds. The account was opened with Santander's predecessor bank in 2000 and had no transactions recorded since 2013. It seems that Miss R had overlooked the existence of the account until alerted by her financial adviser. And this may explain why she didn't question the lack of bank statement from at least April 2013 onwards.

I've reviewed the record of communications that took place between Miss R and Santander. From this Miss R's greatest shock and upset came when she was first told that there was no trace of her or her account. She said this news affected her sleep and medical conditions and also emotionally, and she said this could have affected her much worse. I can understand that having rediscovered her account Miss R was distressed to hear that Santander held no record of it.

Once the existence of the account was established, I can see that Miss R was put to a further degree of inconvenience in obtaining information and then access to her account funds. At least from this point she knew of the existence and safekeeping of her funds, but was wondering if she would be able to navigate Santander's systems to obtain payment.

I can see from Santander's records that it has no knowledge from 2000 as to how the incorrect postcode was entered on to its system. In other words this could have been due to it having been provided wrongly by Miss R, or Santander's member of staff inputting it incorrectly. On a 'Change of Details' form Miss R recorded her previous address the same as her current address, only with a different postcode. Notwithstanding this Santander has accepted responsibility for the error, which has avoided an argument with Miss R as to responsibility.

When a business makes an error it is our role to see what is needed to put the consumer back to the position they would have occupied had the error not occurred. This means that losses foreseeable from the error should be reimbursed. I'm afraid Miss R's claimed loss of interest falls some way short of being a foreseeable loss.

From the calls there's a problem in Ms R changing her address as she could not get to branch and had no photo ID. However, this was dealt with during a call in January 2023 when her details were changed. Miss R said she had been trying to trace the account for six months to a year. However, Santander said it has no record of any calls or correspondence from Miss R or her financial adviser prior to November 2022.

Miss R's financial adviser said that when her account was updated to a Santander account, it added a zero to the account number, and keyed the wrong postcode and that was why Miss R hadn't received any statements. I think the postcode error was key to the non-receipt of statements and the changed account number made it more difficult for Santander to identify the account. Santander should have sent Miss R statements in response to her several requests, and it prolonged her upset by not doing so. Equally, the long and repeated calls by Miss R and her financial adviser caused them both frustration and inconvenience.

Santander has paid her £175 compensation which is in line with what we would normally award for this level of inconvenience and seems fair and reasonable in these circumstances.

Miss R would also like to be compensated for loss of interest on the account. There are limited records available from Santander's predecessor bank, but Santander has said that Miss R opened the account in 1992. Miss R has provided copies from her passbook, and over the following 20 years this shows regular incoming transactions for share dividends, cheques and interest, and some outgoing cheque payments. Santander's records show that preferred contact details were added to the account in December 2000. It appears to be at this point the incorrect postcode was added though the building and address for Miss R remained the same.

The account Miss R opened was an instant saver account which provided a minimal rate of interest to reflect the instant access facility. The interest rate varied, as set out within the terms and conditions for the account, and the rate was publicised by Santander.

Unless Miss R made a mistake with the type of account she opened, she must have wanted the features that this instant access account provides. It's not for a bank to tell a customer what type of account they should open, it is the free choice of the customer. The account was Miss R's choice, and her choice didn't change until she re-discovered the account via her financial adviser. I don't think this situation would have been different if Santander had entered the correct postcode in 2000 as I think Miss R could have taken action to avoid a loss of interest while she remained aware of the account.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 12 January 2024.

Andrew Fraser
Ombudsman