

The complaint

Miss K is unhappy that Santander UK Plc placed blocks on transactions she attempted to make. She also complains about the level of service she received from them.

What happened

On 2 June 2022, Miss K attempted to make a transaction for £10,000 to a forex broker. She says the payment didn't go through after Santander sent her an authorisation code via text message. She says she didn't know why the payment wasn't successful and whether the issue was with Santander or the merchant. She explained Santander didn't contact her as they normally do by text message to verify if she'd made the payment, so she was led to believe the issue may be at the merchant's end.

Miss K says she contacted Santander via the online chat service as she couldn't get through on the phone. She says she was reassured by the chat adviser that the issue wasn't with Santander and was with the merchant. She explained that she confirmed this with the chat adviser who reassured her that she couldn't even see any attempts to make any payments, so it couldn't have been blocked by Santander.

She says she even expressed to the chat adviser that she found that difficult to believe as Santander had sent her an authorisation code via text message, so they should have a record of it. She says the chat adviser checked again and reassured her that there weren't any transactions logged on their system and insisted the issue was with the merchant.

Based on the information Miss K was provided by the chat adviser, she says she spent the whole day arguing with the merchant that the reason the payment failed was at their end. She explained that after a lot of back and forth with the merchant, spending a lot of time and energy and escalating a complaint, they asked her to contact Santander again.

Miss K says she contacted Santander via the online chat service again and this time she was told that the transaction could've been blocked and asked her to ring the relevant team to confirm. She then spoke to the relevant team to have the blocks removed. She successfully completed the transaction while she was on the phone with Santander.

A few minutes after, Miss K attempted another transaction with the same merchant, but this was also blocked. Miss K was unhappy with this as she'd just spoken to Santander to have the blocks removed. She says she had to contact Santander again to have the blocks removed. She also raised a complaint as she didn't feel it was right for Santander to block payments that have been authorised to the same merchant moments prior. She also said that like the previous time, she didn't get any alerts or text messages to tell her that it was Santander that had blocked her transaction.

Miss K explained that she tried to make another transaction to the same merchant a few days later and that was also blocked. She was unhappy that all the transactions she was making to this merchant were being consistently blocked despite her previously confirming to Santander that these transactions were genuine. She said she tried to make another

transaction on 30 June 2022 to the same merchant for a much smaller amount but this was also blocked. She explained the persistent blocking caused her significant issues and loss of trading days.

She also said she faced embarrassment and had to apologise to the merchant as it was Santander that was blocking the payments, when she had complained that the issue was with them based on the information the chat adviser had given her.

Santander initially told Miss K that their security systems attempted to contact her, but since she didn't have a home telephone number, they couldn't reach her. They explained their security system will try to initiate contact via a variety of methods to prevent fraudsters accessing customers' accounts and on some occasions, they won't attempt any contact at all. In these situations, they'd expect the customer to contact them to query why a transaction wasn't successful.

They said they couldn't guarantee that this won't happen again and suggested that Miss K updated her contact details if she has a home telephone number to prevent the same situation occurring again. While they appreciated the problems this situation caused Miss K, they said it wasn't due to a mistake on their part and confirmed they didn't make any errors.

Miss K remained unhappy with the response and wrote to Santander. She didn't think it was acceptable that Santander doesn't notify their customer that they've blocked the payment. She questioned how a customer would know whether it's Santander that's blocked the transaction or if it was an IT failure or an issue with the merchant. She thought it was unfair for Santander not to notify its customer that a block had been placed.

She also felt that it was unreasonable and impractical for Santander to make it a requirement to have a landline as she could've been making this transaction from anywhere in the world. She reiterated that in the past she's always received a text message from Santander asking her to confirm if she was the one making the transaction, but this didn't happen during all the transactions she made to the forex broker in June 2022.

She explained that she'd spent several days trying to make these transactions due to the lengthy call and chat waiting times. She said this caused her a lot of stress and she suffered a financial loss. She found Santander had trivialised the extent of the issues she'd experienced. She felt she couldn't rely on the information she was being given by Santander and she'd lost confidence in them. She felt that any checks that Santander complete need to be balanced, reasonable and logical and not cause distress and issues for customers trying to access their funds.

Santander looked into Miss K's concerns again but explained their decision remained unchanged. They said that fraudulent transactions affect all financial institutions and not just them. They explained that their system checks transactions on accounts and if it suspects any transactions to be fraudulent, it will refer the transaction to their security department for authentication. They said there are number of reasons why a transaction maybe referred, and they couldn't provide the specific scenarios.

They explained that when payments are highlighted by their security system for authentication, it will review all the available information to determine whether or not to make automated contact and, in this case, it wasn't possible due to the nature of concerns. They also confirmed that they had provided Miss K with correct information that the first payment wasn't stopped by Santander due to a security issue, but instead due to incorrect card details being entered when the payment was processed. They confirmed all subsequent attempts were stopped by them due to security concerns. They also apologised for the inconvenience caused.

Miss K referred her complaint to our service. Our investigator didn't uphold the complaint. He said that Santander had given Miss K incorrect information during the online chat about her first transaction. He said that Santander's records showed that the first transaction was unsuccessful because Miss K entered incorrect details and the further blocks were due to security concerns. He said that the terms and conditions allow Santander to refuse a payment if they reasonably suspect fraud. Since he didn't think they'd made an error, he didn't recommend any compensation.

Miss K disagreed and asked for an ombudsman to review her complaint.

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.

Santander are required to take reasonable steps to protect their customers from fraud and scams. They might be held liable for any foreseeable losses if they breach their duty of care. Most financial institutions, including Santander, use common tools such as automated security systems to meet their obligations.

I've looked at Santander's records to understand the transactions Miss K made to the forex broker and the reasons why they were stopped. Miss K's first attempt on 2 June 2022 at 7pm was declined due to entering the wrong card details. She made a second attempt on the same day at 8.03pm. This transaction was blocked by Santander due to security concerns.

Miss K spoke to Santander and her payment was successfully made the following day on 3 June 2022 at 12.37pm. A few minutes after Miss K attempted to make two more transactions at 12.43pm and 12.45pm both of which were blocked due to security concerns. She spoke to Santander again and successfully made the transaction at 1.14pm the same day.

Following this, the next transaction Miss K made was on 8 June 2022 at 3.45pm. Santander blocked this transaction again for security concerns. Miss K successfully made this transaction a few minutes later at 3.51pm. I can see Miss K made a transaction on 1 July 2022 at 12am. This transaction was successful and wasn't blocked by Santander.

Given that all of Miss K's attempted transactions were stopped, I can understand why this was frustrating and inconvenient for her. However, this doesn't mean that Santander have done something wrong by blocking these transactions. Based on the system records I've seen, I'm satisfied the blocks were placed on these transactions as a result of them triggering as potentially fraudulent.

The terms and conditions of Miss K's account allows Santander to refuse a request for authorisation. It further explains that Santander can withdraw or suspend use of Miss K's card if they believe that this is necessary for security reasons and to prevent suspected unauthorised or fraudulent use of her card.

Although Miss K had confirmed on 3 June 2022, that it was a genuine transaction, it doesn't naturally mean that all transactions made to the same merchant are also genuine. It also doesn't rule out the possibility of Miss K being a victim of a scam.

I can see the transactions that were stopped were for large amounts and were made within a few days of each other. So, I don't think it was unreasonable that Santander flagged these

transactions for security concerns. The very nature of these types of security checks means that customers may be caused some distress and inconvenience. I don't think that Santander have acted unfairly or unreasonably in blocking these transactions.

I understand Miss K's point that Santander should've tried to contact her to verify the transactions were genuine. She's explained they've done this in the past by sending her a text message. This would've made it clear to her that the payments were being stopped by Santander and not due to other issues.

I agree this would've made things easier for Miss K, but Santander have explained their security systems assess whether to stop a transaction and if so, whether to contact the customer and using which details based on the nature of concerns and payment rules. In some instances, no contact is made.

Looking at the internal records, I can see Santander's system attempted to call Miss K's landline. But since she didn't have a landline number registered on their system, a call couldn't be made. It also appears a text message was sent following the transaction on 8 June 2022. There were no automatic contacts generated for the other transactions.

Generally, a payment being stopped would prompt a genuine customer to contact their bank, as Miss K did. So, while I don't dispute Miss K's point that it would've made sense for Santander to have contacted her on her mobile instead of attempting to contact her on a landline number which she hadn't supplied, it appears Santander have followed their security protocols. So, I can't say they've acted incorrectly.

Santander are entitled to make commercial decisions such as on their security systems and processes. It's not my role to tell Santander how to operate their day-to-day business, which includes telling them how to contact customers or to make changes to their security policy and procedures – these are legitimate commercial decisions. This is within the remit of the financial services regulator, the Financial Conduct Authority.

Since I don't think Santander did anything wrong when they stopped these transactions, I can't fairly say they should be responsible to compensate Miss K for any financial loss or the distress and inconvenience she was caused in having to contact them to have the blocks removed.

I'll now turn to the incorrect information Miss K says she was given when she used the online chat service. Unfortunately, due to the time that's passed, Santander aren't able to provide me with the chat transcripts or details such as the time she contacted them.

I can't know for certain whether Miss K contacted Santander via the online chat service after the first attempt when she'd wrong card details or after the second attempt which was stopped for security concerns.

Santander have said they didn't give incorrect information as the first attempted payment wasn't stopped by them. This indicates that the chat was after the first attempt rather than the second.

Either way, based on Miss K's testimony which I find persuasive, I think Miss K was more likely than not given incorrect information by the chat adviser. I say this because, if as Santander say that Miss K used the online chat service after the first transaction attempt, then I'd have expected them to tell Miss K that her transaction failed as she'd entered the wrong card details. Instead, it appears Miss K was told the issue was with the merchant and Santander couldn't find a record of the transaction.

I agree this caused Miss K some distress, inconvenience and embarrassment as she contacted the merchant and raised a complaint with them. While I appreciate Miss K says there was a lot of back and forth, I can see this transaction was made the following day, so the issue was resolved fairly quickly.

It's not unexpected to experience some level of frustration and inconvenience when carrying out banking activities. All things considered, I don't think the impact on Miss K was significant enough to warrant compensation. Santander have apologised for the inconvenience Miss K was caused in their final response letter and I'm satisfied that's fair and reasonable in the circumstances. So, I won't be asking them to do anything else to resolve this complaint.

My final decision

For the reasons explained above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 25 August 2023.

Ash Weedon
Ombudsman