

The complaint

Ms L complains Santander UK Plc caused her distress after she was the victim of fraud.

What happened

In July 2022 Ms L says she started receiving letters from banks with whom she didn't have a relationship. She says she didn't think the letters were genuine at first, but then she received a debit card. She says she checked her credit score and then obtained her credit file and saw a lot of accounts – including a current account and a credit card account with Santander – had been opened in her name. Ms L contacted the banks in question, including Santander, to say that she'd been the victim of fraud. Ms L says Santander told her not to worry, that the accounts had been blocked, that it would investigate and that the accounts would be closed down and that any debts owed would be written off once its investigation was complete.

Ms L says the current account was closed and a closing statement – including what was likely the fraudster's name – was sent to her causing significant amounts of distress. She also says that the credit card wasn't blocked, and that Santander started writing to her chasing her for the outstanding balance. Ms L says this made matters worse still.

Ms L complained to Santander saying that it should have done more to protect her in the first place, that it had given her inconsistent information, that it shouldn't have sent her a closing statement and that it could have answered some of her questions sooner. Santander investigated Ms L's complaint and accepted that it had given her inconsistent information, that it shouldn't have sent her a closing statement and that it could have answered some of her questions sooner. Santander ultimately offered Ms L £200 in compensation for the distress it had caused. Ms L complained to us saying Santander's response was insulting.

One of our investigators looked into Ms L's complaint and said that we couldn't look into her complaint about the current account, but that we could look into her complaint about the credit card account. They also thought Santander should pay Ms L £400 in compensation for the distress it had caused. Ms L asked for a decision from an ombudsman. So, her complaint was passed onto me.

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.

Last month I issued a provisional decision. In that decision I said the following:

"Everyone accepts that Ms L is an innocent victim of fraud – a third party attempted to open a number of accounts in her name, with varying degrees of success, including accounts with Santander. Some of those attempts failed at the application stage, some didn't. They managed to open two Santander accounts, and to get several pounds' worth of credit.

It's clear that Ms L is angry that Santander not only allowed the third party to open up two accounts in her name, but also allowed them to access several thousand pounds' worth of credit. I accept that some banks blocked the third party's attempts at application stage, and that others didn't give the third party access to as much credit. I have, however, seen details of the applications the third party made to Santander, and can see how they managed to get as far as it did. Because I've seen the applications, and based on what I've seen, I don't agree that it follows Santander did something wrong at that stage. That doesn't mean I think Santander did nothing wrong in this case. It did. Just not at that stage.

In my opinion, this case went off track because Santander didn't block both accounts when it should have done and didn't write off the outstanding balance on the credit card account when it wrote off the outstanding balance on the current account. That meant Santander started sending letters to Ms L chasing her for the outstanding balance on the credit card. To make matters worse, Santander sent Ms L a statement for the current account – meaning she was able to identify the person who had likely attempted to defraud her – and at the same time wouldn't say what ID the third party had used when opening the accounts. That left Ms L in a position where she knew enough to identify the possible fraudster but not enough to take action to protect herself. I can see that Ms L had other concerns and worries too – given what she'd learnt. She's also told us – and told Santander – about her mental health and how this issue had an impact on her.

I'm satisfied, based on all the evidence that I've seen, that discovering the credit card hadn't been blocked straightaway and then being chased for an outstanding balance, caused Ms L substantial distress on top of the stress of being a victim of fraud.

In this case, it wouldn't be fair to hold Santander liable for the stress Ms L experienced as a result of being a victim of fraud – that's down to a third party's actions – but it is fair to hold Santander liable for the substantial distress that she experienced on top of this. I consider an award of £750 to be fair and reasonable in the circumstances. So, that's the award I'm minded to make."

Both parties were invited to reply to my provisional decision, and both did. Broadly speaking, Ms L said that she didn't think my award reflected how badly Santander had managed this process and that it wouldn't learn. And, importantly, that knowing who the likely fraudster is continues to have an ongoing impact on her. So, Ms L wanted me to increase the award I was making. And Santander said that although it appreciated it had caused additional distress because of the letters and closing statement being sent to Ms L, the award seemed to be excessive given that it was the fraudster who obtained Ms L's details and caused her distress opening accounts in her name. In short, Santander said that it thought the award I'd suggested was because Ms L had been the victim of a fraud perpetrated by a third party and

not Santander.

In my provisional decision I said that it wouldn't be fair to hold Santander liable for the stress Ms L experienced as a result of being a victim of fraud – that's down to a third party's actions – but it is fair to hold Santander liable for the substantial distress that she experienced on top of this. That's the basis on which I approached the award I suggested. I don't, therefore, accept what Santander has said about the award I'd suggested being because Ms L had been the victim of a fraud. The award I suggested reflected the substantial distress that she experienced on top of this. That award – as I've explained to Ms L – isn't meant to punish Santander, nor can it reflect the distress that she experienced as a result of receiving the closing statement for the current account. That's because we can't consider any complaint about any errors that Santander might have made in relation to the current account for the reasons our investigator gave – reasons I've explained to Ms L too. So, whilst I accept that what has happened to Ms L has had a long-lasting impact on her, the award I make can only reflect the substantial distress that she experienced on top of being a victim of fraud as a result of Santander sending letters chasing her for the outstanding balance on the credit card. But I can, and have taken into account, the impact the fraud had on her generally when assessing what impact these letters then had on her.

Putting things right

Having considered everything both parties have said, and for the reasons I've just given, I remain of the view that an award of £750 is fair and reasonable in the circumstances. So, that's the award I'm going to make.

My final decision

My final decision is that I'm upholding this complaint and requiring Santander UK Plc to pay Ms L £750 for the substantial distress it caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 5 January 2024.

Nicolas Atkinson
Ombudsman