

## **The complaint**

Mr R complains that Santander UK Plc stopped his cheque causing a financial loss.

## **What happened**

In March 2023, prior to going on a trip, Mr R issued a cheque for £16,000 to his mortgage provider from his Santander account. This cheque payment was important as it would reduce his mortgage balance.

When he returned from his trip Mr R expected his cheque to have been paid, but he discovered that the cheque had been stopped and he would need to issue a new cheque.

Mr R complained to Santander. He questioned them stopping the cheque and thinks that with more effort and common sense they could've fulfilled his cheque payment. And because he has lost interest and been caused inconvenience, he requested compensation.

Santander didn't uphold his complaint. They explained that the cheque required authentication and they made reasonable efforts to contact Mr R, by letter, text and phone, to validate it.

Mr R brought his complaint to our service, but our investigator said Santander had followed their anti-fraud policies to flag the cheque and made reasonable efforts to contact Mr R.

As Mr R remains dissatisfied, this case has now been referred to me to look at.

## **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.

Having done so, I'm not upholding this complaint.

Mr R considers Santander have acted unfairly and unreasonably here. This is because he thinks Santander:

- A. Have been inconsistent:
  - Having successfully processed similar cheque payments in the past
  - Saying their action was random and then specific
- B. Haven't notified him of policy changes that:
  - Contact needs to be made by either the customer or Santander for large payments
  - There is a cheque limit that requires authorisation
  - He needs to be contactable by phone
- C. Should've taken more care, been more proactive and used common sense especially as they say it was a specific action. And questions why they didn't:
  - Compare and match his cheque signature with the one on file
  - Go 'beyond a lackadaisical phone call'
  - Enquire and contact the payee to confirm it was his account being credited

D. Aren't being truthful about their suspicion the cheque was fraudulent

So, I considered these points.

A - Santander have been inconsistent

File notes show that the cheque was flagged by Santander's automated security system. I'm satisfied that banks continually assess and improve security systems due to increasing and more sophisticated fraud and scams. And as they have responsibilities to protect high volumes of customers and cheque payments aren't covered under the Contingent Reimbursement Model (CRM), I don't think it was unreasonable for a large payment to be flagged and subsequently stopped. And this action is consistent with the account terms and conditions where there are concerns about possible scams, fraud or security.

Whilst I understand flagging may be inconsistent, banks don't share the logic that goes into their security systems or give specific reasons why some transactions are flagged, and others aren't.

Although I think Santander's complaint handling representatives should've used more consistent language to avoid confusion, I think the use of both words is because security systems do both random and specific checks. I'm not persuaded there was any intent to be misleading here and I think it more likely than not that the representative didn't know the exact reason.

B – Santander haven't notified Mr R of policy changes

From reviewing the file, I'm satisfied that Mr R's cheque was flagged for security reasons rather than a change of policy. And this could be for any amount although I think it more likely than not that a larger amount would increase the likelihood of a security check.

From reviewing the terms and conditions of the account, I'm satisfied that Santander are entitled to have security systems and take such action. Also, that where a transaction needs to be validated their procedure is to make contact with the customer. And to do so by using the phone number, text alert and address held on file, which is what they did here.

C – Santander should've taken more care, been more proactive and used common sense especially as they say it was a 'specific' action

As it was an important payment for Mr R, I can understand his disappointment here and feeling that Santander should've done more to ensure his cheque payment went through.

I recognise that Santander could've checked Mr R's signature but because of the cheque clearance time frame I think this would've been impractical. And, more importantly, signatures can be forged. So, I don't think it unreasonable for this not to have been part of Santander's procedure.

There is evidence that Santander followed their procedure and the information set out in their terms and conditions when they have a concern about a payment, calling Mr R, sending a free text alert and a letter. It was most unfortunate that Mr R lost his phone but, considering the actions they took and the fact that Santander weren't made aware of this, I don't think it would be fair to say Santander made insufficient effort.

Although I think Santander's procedure was fair, I recognise Mr R thinks they should've done more in this type of situation especially as the cheque was payable to him. As we aren't the financial service regulator it's not for our service to tell Santander to change their procedure. But considering practical factors, such as security procedures (verifying the account the payment is made to is genuine) and data protection, together with commercial decisions

which a business is entitled to make, I don't think it would be fair or reasonable to have expected Santander to make the type of exception Mr R expects.

D. Santander aren't being truthful about their suspicion that the cheque was fraudulent

As mentioned above, I'm satisfied that the cheque was stopped because it was flagged by Santander's security system which looks at a range of factors. And, due to their customer and fraud prevention responsibilities, I think this was both fair and reasonable. If the check was specific this would've been because the system identified risk factors and whilst it turned out that there was no need for Santander to be suspicious, I'm satisfied Santander didn't know this at the time and were acting in Mr R's best interest.

It isn't possible for our service to require Santander to provide their security data or assessment. Also, we can't interrogate their system, but I think it more likely than not that there were risk factors that were programmed to flag an integrity check and I'm not persuaded that Santander haven't been truthful here.

I do recognise Mr R's frustration here but, having considered the above and all the information on file, I'm not upholding this complaint.

**My final decision**

My final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 21 March 2024.

Paul Douglas  
**Ombudsman**