

## **The complaint**

Mrs S complains that Santander UK Plc failed to notify her that it considered one of her direct debits to have expired, costing her the benefits of its 123 Account for seven months.

## **What happened**

Mrs S said Santander emailed her on 14 September 2023 to say her 123 Account wasn't earning cashback or interest. She knows the account requires two direct debits to receive the benefits but found that it hadn't earned any cashback and interest since February 2023, seven months before the email. Mrs S said Santander told her a direct debit had expired as it hadn't been used for 13 months. But she found that it hadn't been used since March 2020 during which time the account continued to earn interest. Mrs S complained to Santander.

Santander said it stopped the direct debit because it had expired, and it does this to prevent fraud where no payments are taken in a 13-month period. It said Mrs S should have been aware from previous statements that no cashback was paid as the correct number of direct debits were not on the account. It said accounts are self-managed, so it's the customer's responsibility to ensure the criteria are met to receive the benefits. Santander paid Mrs S £10 as a goodwill gesture. But Mrs said she had lost about £250 which she seeks to recover.

Mrs S was unhappy with Santander's response and referred her complaint to us. She said she only checks her statements for payments and not interest earned as she hadn't changed her direct debits and wouldn't know that Santander might treat one as expired. She said Santander's £4 monthly fee should include notification about cancelling a direct debit and it had acknowledged her suggestion that it advise customers about cancellation at the time.

Our investigator didn't recommend the complaint be upheld. He said Mrs S's statements are clear that there was only one active direct debit and no interest paid from February 2023 or cashbacks from January 2023. He said this was in line with the terms and conditions of the account and thought she should have been aware a lot sooner. He said he hadn't found any errors by Santander or information to suggest that it had acted unfairly or unreasonably.

Mrs S disagreed and requested an ombudsman review her complaint. She said Santander had treated her unfairly as she hadn't changed her direct debits and had no reason to check if the benefits had stopped. She said Santander allowed one of the direct debits to be active for three years since its last use, which implied that it would continue indefinitely. Mrs S said she understands that Santander has the power to cancel a direct debit but doing so by stealth is unfair as is leaving a seven-month gap before advising her.

## **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 have looked at Santander and Mrs S's handling of her 123 Account to see if Santander has acted within the terms and conditions and to see if it has treated her fairly.

I can see from the terms and conditions of the Santander 123 Account that two active direct debits are required as well as a balance of £500. Mrs S understands this, but complains that

Santander should have alerted her to the expiry of one of her direct debits as this caused her account not to attract the benefits that are intended.

From its records I can see that Santander removed one of Mrs S's direct debits which meant she was no longer eligible for the account benefits. Santander said the timing of the cancellation was in respect of its internal anti-fraud procedures. All banks have to have these protections and our service does not interfere with this as their arrangements are within the bank's discretion. Santander said it cancels direct debits where no payments are taken in a 13-month period. I can see that is what has happened on Mrs S's account, and I think this is a reasonable precaution for Santander to take.

Mrs S said Santander should have notified her of this at the time and Santander said it did via her account statements. Mrs S has said she had no reason to check for the interest earned as she hadn't made any changes to her account or direct debits. The investigator said the account holder is responsible for managing their account, and ensuring they are meeting the eligibility criteria to receive the benefits.

Santander's 'General Terms and Conditions' state that they cover, 'important information you should know to manage your account'. The terms and conditions specific to the 123 Account state, 'You'll also find other important information about your account which includes how you can manage your account'. This tells account holders that it's their responsibility to manage their account. The regulations require banks to provide account holders with statements of accounts but do not require banks to tell them if they no longer meet eligibility requirements for benefits.

Mrs S has said that she only checks her statements for payments. Santander cancelled Mrs S's direct debit as it had ceased to be used. This was a payment that was no longer being made. I think Mrs S ought to have been aware that the direct debit was no longer in use as she could have seen that her money was no longer being paid by that method. The 123 Account terms and conditions further state, 'You'll need to ensure that Direct Debits are active on your account when we calculate your cashback'.

From these terms it seems clear that the requirement on the account holder to manage their account includes ensuring that they remain eligible for the benefits by maintaining 'active' direct debits. Mrs S thinks Santander should be responsible for this as it charges an account fee. I agree that this would be an ideal situation and I note that Santander did contact her about not receiving the account benefits. However, full responsibility would be outside the terms of the account and out with Santander's and other bank's arrangements for managing accounts that we see.

Santander's terms deal with this situation as follows:

'From time to time, we may also check if you still meet those requirements and may ask you for information to help us do this'. The terms do not say that Santander is required to contact the customer in these circumstances.

Mrs S said she wouldn't know when Santander would treat a direct debit as expired. But I agree with the investigator that her account statements made her aware that cashback and interest were no longer being paid at the time even if she didn't notice that the direct debit had been cancelled.

The statement for February to March 2023 shows that Santander paid nothing in interest and nothing by way of cashback on the account. Beneath the figures the statement says, 'No cashback was paid as the correct number of Direct Debits have not been set up on the account'. The statement also carries a reminder that there must be 'at least 2 active Direct Debits' on the account. This information was repeated on future statements to Mrs S.

I'm sorry that Mrs S didn't notice this, and I understand the reason why, but this doesn't mean that Santander should be responsible for this unfortunate oversight, and I can't fairly tell it to compensate Mrs S in these circumstances.

**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 Mrs S to accept or reject my decision before 28 March 2024.

Andrew Fraser  
**Ombudsman**