

The complaint

Mr K complains that Santander UK Plc blocked a transaction on his credit card even though he confirmed it was genuine. He says this caused him to incur unnecessary costs of around £400 which he wants refunded.

Mr K's wife is acting as a representative on this complaint but for ease of reference I have referred to Mr K throughout my decision.

What happened

Mr K says that he took out a Santander credit card ahead of a trip as he was planning to hire a car and knew that he would be required to either have a credit card on which an amount would be ringfenced for any uninsured damage to the car or he would need to use his debit card to pay for insurance. He activated the credit card before travelling and took out a standalone insurance policy to cover the hire car. When he went to collect the hire car his credit card was refused. He called Santander and completed the security checks to confirm the transaction was legitimate, but he was told that an email needed to be sent to another department and they could come back within two hours, or it might be the next day. He explained the urgency of the situation but as the issue couldn't be resolved at that time, he says he had to use his debit card to pay for the insurance charged by the hire car company.

Santander issued a final response letter dated 14 July 2023. It explained that Mr K's attempted transaction was declined for security purposes and while he called the security team it was unable to clear the payment at that time. It said the card payment was reviewed by its back office team and cleared the following day. It apologised for the inconvenience and embarrassment this caused and arranged for a cheque for £50 to be sent to Mr K as a gesture of goodwill.

Mr K wasn't satisfied with Santander's response. He said it didn't attempt to address or apologise for Santander's failure to deal with an urgent credit card transaction approval issue or the inconvenience and financial consequences this had on him and his family.

Santander provided a further response confirming that its correct process had been followed but that feedback would be provided.

Mr K referred his complaint to this service.

Our investigator didn't require Santander to take any further action. He noted that the account terms said Santander can place restrictions on an account if they are suspicious about a transaction and that Mr K didn't update his contact number until 17 July and so Santander couldn't send him a text to verify the transaction and so a specific team had to review this. He said that having listened to the call recordings Mr K was told of the timescales involved but couldn't wait that long so chose to take alternative action.

Mr K didn't agree with our investigator's outcome. He said they were not told that the issue would be resolved within two hours but instead that an email would be sent to another department, and they might get back within two hours but if not, it would be the following

business day. He said Santander failed to remove the flag on the transaction for 36 hours even though he made it clear the issue was urgent. He said the delay in removing the flag resulted in him incurring additional costs and caused distress and inconvenience.

My provisional conclusions

I issued a provisional decision on this complaint, the contents of which are set out below.

I can understand why Mr K is upset that his transaction was blocked when he tried to make a payment to a hire car company. But for me to uphold this complaint I would need to be satisfied that Santander had done something wrong or not provided Mr K with the service it should have.

There are two parts to this complaint. The first is the underlying issue that Mr K's transaction was blocked and the second part, which has given rise to this complaint, is the service provided to Mr K when trying to get the block removed.

Banks are required to have security systems in place to protect against fraud. In certain cases, when genuine transactions are flagged for additional checks, this can cause inconvenience, but the systems are in place to protect customers. Santander's account terms set out that a transaction can be refused in certain circumstances including where there is concern about possible fraudulent activity. In this case, Mr K had recently taken out the credit card and the payment he attempted was a large transaction. The transaction was flagged by Santander's security systems, and so I do not find I can say that Santander did anything wrong by applying a block to the transaction.

Mr K has explained that when the transaction was blocked, he called the number on his card expecting the issue to be resolved quickly but this didn't happen. I have listened to the calls that took place at this time and Mr K is taken through security successfully and transferred to another team. The transaction is confirmed as genuine, and Mr K is told that the issue needs to be passed on to another department and that if this is received by 4.30pm then it will be dealt with the same day but if not, it will be dealt with the next day. There are then further conversations where it is noted that the issue should be dealt with within two hours. At this point the calls had been ongoing for around an hour.

I requested further details regarding why Mr K's transaction wasn't able to be unblocked after he passed security and confirmed the transaction as genuine (as I am not aware that he was required to provide any further details before the block was removed). Santander responded to this request by confirming that the action it took following the transaction being flagged was in line with its usual process and its terms and conditions. There was mention of Mr K's mobile telephone number not being added to his account until after this event, but it isn't clear if this caused further delay or why this information wasn't gathered at account application stage.

Having considered everything that has been provided, on balance, while I accept that Santander had to follow its process following the transaction being blocked, I do not find, in this case, that it provided Mr K with the service it should have. I say this because Mr K wasn't given a clear indication as to whether his transaction would be unblocked that day or the next. Given he was trying to hire a car at the start of a trip I accept that waiting until the next day wasn't an option. Had the issue been resolved that afternoon, or within the two hours that was suggested, then I would accept that the £50 payment made by Santander for the upset caused would have been reasonable. But in this case, Mr K wasn't given any certainty as to when his transaction would be unblocked, and the system shows that this didn't happen until the following day (7 July).

Had Mr K waited for the transaction to have been unblocked this would have caused him significant inconvenience and upset and I think it would have been reasonable that any compensation would reflect this. However, in this case, Mr K made the payment for the hire car using his debit card within the two-hour timeframe. This limited the inconvenience and distress caused by this issue. However, using his debit card resulted in additional costs. As, Santander didn't give Mr K any certainty about when his credit card transaction would be unblocked, I accept that Mr K felt he had no choice but to make alternative arrangements and I think, on balance, the fair outcome is for the additional costs associated with this payment to be refunded.

Mr K has said the additional costs were £387.03 for additional insurance and VAT and a transaction fee of £12.81. He has provided a receipt to support the additional charges and a copy of his statement to show the transaction fee. I think it fair that these amounts should be refunded along with interest from the date of payment to the date of settlement. I have considered whether additional compensation should be paid for the distress and inconvenience Mr K was caused but as Mr K took the action he did to pay for the car, I think his inconvenience was minimised and so the £50 paid is reasonable. Instead of experiencing the additional inconvenience he incurred the additional fees which is why I find it fair these are refunded.

Santander confirmed that it had nothing further to add following my provisional decision. Mr K confirmed that after passing security he wasn't required to provide any further details before the block was removed and that the provision of the mobile phone number wasn't a mandatory field in the application form.

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 set out in my provisional decision that I intended to uphold this complaint and given the responses I have received my conclusions haven't changed.

In this case, as I explained in my provisional decision, while I accept that Santander had to follow its process following the transaction being flagged by its fraud system, I do not find that it provided Mr K with the service it should have. This resulted in Mr K having to use an alternative payment method to complete his transaction which resulted in him incurring costs. Because of this, I find the additional costs incurred should be refunded along with interest.

Mr K was caused inconvenience and upset by this issue, but he took action to mitigate this. So, in this case, I find the £50 that Santander paid initially in response to Mr K's complaint is reasonable compensation for the upset caused.

Putting things right

Santander UK Plc should refund Mr K the costs of the additional charges he incurred (£387.03 plus £12.81) along with 8% simple interest from the date of payment (6 July 2023) to the date of settlement.*

My final decision

My final decision is that Santander UK Plc should take the action set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 20 May 2024.

Jane Archer
Ombudsman