

The complaint

Ms T complains that Santander UK Plc (Santander) didn't pay interest on a '123' account.

What happened

Ms T had a joint '123' account with her mother. It met the criteria for receiving credit interest and cashback – as it was credited with £500 per month and had three active direct debits on it.

Ms T's mother sadly died in September 2023. Ms T advised Santander of her mother's death in October 2023.

Santander took Ms T's late mother off the account, so it became a sole account in Ms T's name. The direct debits were cancelled, and the monthly credits of £500 stopped. Interest wasn't paid – the last amount credited was £33.33 on 19 September 2023. The last direct debit payment was on 15 September 2023 (£59.71). Monthly fees of £4 continued to be debited to the account.

Ms T visited a branch of Santander in April 2024 to ask for an interest certificate and found out that no credit interest had been paid.

Ms T complained that she should've been told that the account wouldn't get credit interest when she advised Santander of her mother's death. She said the interest should be backdated and paid.

Santander didn't uphold Ms T's complaint. The bank said the criteria to get credit interest was that the account had to receive £500 each month and have two active direct debits. The bank was advised of Ms T's mother's death on 9 October 2023 and at that time there were three active direct debits on the account. One was for Ms T's credit card and that was cancelled when the credit card account was closed on 11 October 2023. A second direct debit in favour of the local authority was cancelled by Ms T, and the third one was cancelled by the beneficiary, a water company. The last credit for £500 was received on 20 November 2023. As the account didn't then meet the criteria, the credit interest stopped.

Santander said the monthly fee of £4 continued but refunded those as a gesture of goodwill - £24 was refunded.

Ms T brought her complaint to us and our investigator didn't uphold it. She said the gesture of goodwill was a fair way to settle the complaint. She didn't think it was Santander's responsibility to tell Ms T about the eligibility criteria when she advised the bank about her mother's passing. It was the responsibility of Ms T to ensure she met the criteria.

Ms T asked that an ombudsman look at her complaint, and so it has come to me to make a final decision.

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 was sorry to learn of the sad passing of Ms T's mother and appreciate how difficult a time this must have been for Ms T and her family.

The crux of this decision comes down to whether Santander could reasonably be expected to have told Ms T that the account would no longer meet the criteria for receiving credit interest.

The account was a joint account – Ms T and her mother. When Ms T advised Santander of her mother's passing, the bank took her late mother's name off the account and so it became an account in the sole name of Ms T. That's the normal and correct thing for a bank to have done – as the remaining money in the account passes to the surviving account holder. So - Santander did the right thing in that respect.

But then what happened was that later, the three active direct debits were cancelled. And the monthly credits of £500 per also stopped.

I don't think I can reasonably expect Santander to have known the direct debits would be cancelled or that the monthly credits would stop. If Ms T had told Santander that was going happen and asked the bank what the impact would be, then I would've expected Santander to have advised Ms T that the benefits would also stop – but there's no indication that was the case.

As our investigator said, it is reasonable for the account holder (i.e. Ms T in this case) to ensure that the criteria of the account are met to get its benefits. The bank refunded the monthly fees of £24 as a gesture of goodwill, and I think that was a fair way to settle Ms T's complaint.

And therefore while I appreciate that Ms T feels strongly about her complaint, I am not asking Santander to do anymore here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 30 July 2024.

Martin Lord
Ombudsman