

The complaint

Mr S complains as a Director of H, a limited company, that Santander UK Plc withheld money from the business, closed its account and applied a Cifas marker wrongfully.

What happened

In March 2019 H's Santander business account received a payment from a third-party business for £39,900. The following day, Santander received information from the third-party business that resulted in Santander placing restrictions on the account.

Following an investigation, Santander decided to return funds to the third-party business, close H's account and apply a Cifas marker against Mr S's name as Director.

Mr S was unhappy with this and made a complaint to Santander on behalf of H. Mr S was unhappy with Santander's action as he says that neither him nor the business had done anything wrong. The money had originated from a point of sale card transaction which was carried out via chip and PIN, and he'd supplied invoices and card terminal receipts to support this.

Santander responded to Mr S's complaint on behalf of H saying that it wasn't going to uphold the complaint. It said that following information received by the third-party business it was obliged to suspend the account and investigate matters due to the serious nature of the information provided. It said that whilst Mr S had provided evidence pertaining to the transaction, it wasn't deemed sufficient. Santander said that it then exercised its right to withdraw H's banking facilities and return the funds to the third-party business.

Mr S was unhappy with this response, so he brought the complaint to our service. When bringing his complaint he'd additionally discovered a Cifas marker applied against his name by Santander as a result of its investigation into H's account. An investigator here looked into things and thought Santander had made an error. Whilst he acknowledged that Santander have the right to withdraw banking facilities and investigate concerns regarding the account, he thought that the Cifas marker was applied incorrectly. Due to this, the investigator recommended that Santander remove the marker and pay H £2000 in compensation for the inconvenience caused.

Santander agreed with the investigator's findings, but Mr S didn't agree. He said that due to Santander's actions H had lost a significant amount of money as a result and wanted the business to be compensated £10,000 for these losses.

As Mr S disagreed with the investigator's opinion, the matter has been passed to me for 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.

Having reviewed all the evidence relating to this case, I've come to the same opinion as the investigator for broadly the same reasons.

Santander has accepted the error made and removed the Cifas marker against Mr S as a result of its investigation into H. It has also agreed to pay the £2000 recommended by the investigator for the inconvenience caused.

Mr S is unhappy with the outcome of his complaint as he says that the compensation recommended doesn't reflect the amount of money the business has lost and sleepless nights caused by the error. So I must consider if the compensation offered is fair in the circumstances of this complaint.

Firstly, I must acknowledge that Mr S has indicated that he has been caused a substantial amount of stress as a result of the marker applied against him resulting from the account held by H. And whilst I sympathise with Mr S's situation, this complaint is one brought on behalf of H - a limited company. So I can only consider how this error has affected the business and not how this has affected him personally - whether that be emotionally or financially.

Whilst I acknowledge that the Cifas marker was placed against Mr S, it was done so due to the account held in the name of H. And this in turn has had an impact on the business as a result; so I do think that it is reasonable to consider how this impacted the business.

Mr S has told our service that a considerable amount of damage has been done to H as a result of the marker almost leading to H's collapse. Mr S says that the application of the marker caused H's online advertising and sales accounts to be closed and credit applications made on its behalf being denied. He says that this severely impacted the operation and profitability of the business.

Having said this, I've asked Mr S to supply evidence that credit applications made on behalf of H were denied, but he's only been able to supply a personal credit report. I've also asked Mr S to supply evidence in support of the business suffering £10,000 in financial losses as a result of the fraud marker; but he has been unable or unwilling to do so. Because of this, I don't think it fair or reasonable to ask Santander to pay this figure to H. Nevertheless, I do think that the marker has severely impacted the business in its ability to operate.

Mr S says that the online accounts, which are imperative to the operation of the business, were closed as a result of the marker being placed. This most certainly would have caused the business significant inconvenience when considering it relied upon these channels to advertise and sell its products. Further, the size of the business and number of employees operating it is small, so any such disturbance to the operation of the business is likely to take away the valuable time of its employees to resolve the issue rather than be used in the general running of the business.

Whilst I acknowledge that Santander have an obligation to investigate allegations of fraud and take appropriate measures to avert risk, Mr S did comply with its investigation and supply the evidence that it requested. Whilst it is Santander's prerogative as to how it assesses risk and decides who it wishes to do business with, I think that it requested information from Mr S that was not possible to obtain. Mr S supplied Santander with invoices

and card receipts showing the chip and PIN payments that were in dispute. I don't think Mr S could have provided any further evidence regarding H's proof of entitlement to the funds.

Putting things right

For all the reasons I've provided above, I think the errors made by Santander did cause significant inconvenience to H's operation. But I don't accept Mr S's claim that the business has suffered a financial loss of £10,000 without sufficient evidence to support this.

Considering these points, I think £2000 is a fair and reasonable amount to award H for the inconvenience caused.

My final decision

For the reasons I've given, I uphold this complaint and direct Santander UK Plc to pay H £2000 for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask H to accept or reject my decision before 9 July 2020.

Stephen Westlake
Ombudsman