

The complaint

Mr C has complained about Santander UK Plc blocking and closing his account.

What happened

In 2019, Santander carried out a review of Mr C's current account. They found that another business had put information on CIFAS – the national fraud prevention agency – which linked Mr C's contact details to some fraudulent activity.

Following the review, Santander wrote to Mr C explaining they'd withdrawn his banking facilities with immediate effect, and the account would remain blocked until it was closed in 30 days' time. The only reason they gave Mr C was that they found adverse data in their review. They advised him to speak with the credit reference agencies or CIFAS.

Mr C says his credit score was excellent, and he couldn't find anything against him on CIFAS. He thought the matter was linked to an incident in 2016, where Santander had stopped a payment to a foreign merchant for security checks. Mr C felt Santander had racially profiled him.

Our investigator looked into things independently and didn't uphold the complaint. They explained why Santander had closed the account, and explained that Santander could decide who they did business with. They looked carefully at the matter and found nothing to suggest that this issue was linked to Mr C's ethnic background – only to the adverse information that had been recorded against his contact details.

Mr C didn't agree. He pointed out that Santander hadn't given him the proper notice, which caused him trouble with things like paying his bills and direct debits. He felt confident this was linked to the 2016 incident. He clarified he didn't want his account re-opened, but just wanted redress for what had happened. The complaint was passed to me to decide.

I sent Mr C and Santander a provisional decision on 9 July 2021, to explain why I thought the complaint should be upheld in part. In that decision, I said:

Based on what I've seen so far, I'm considering upholding Mr C's complaint in part – I'll explain why.

Santander were entitled to review Mr C's account and to check things with credit reference agencies and fraud databases. They were also entitled to end their relationship with Mr C – in a similar way to how Mr C was entitled to close his accounts and end his relationship with them.

However, under the terms of the account Santander had to give Mr C two months' notice before closing his account. That would've given him time to set up a new account elsewhere. Here, they technically gave Mr C 30 days' notice before closing the account – but in practice, since they blocked the account with immediate effect, they didn't really give Mr C any notice.

Under the terms, Santander could close Mr C's account with immediate effect if he "act[ed] in any way to give rise to reasonable suspicion of fraud or other criminal activities". Santander's argument is that because they found some of Mr C's details on a fraud entry, that meant they were entitled to block the account immediately under those terms.

But I wouldn't necessarily expect Santander to close Mr C's account simply because they'd found his details on CIFAS. CIFAS's own guidance says:

"CIFAS members can undertake checks against the database. If a CIFAS record is returned as a result of these checks a member must not simply reject an application or close a facility and they are required to carry out further investigation to confirm that the personal data provided on the application is correct."

I've not seen any evidence from Santander which satisfies me that they did carry out such an investigation. For example, I can't see that they asked Mr C any questions about the information on CIFAS or spoke to the business who recorded the data. And I can't see that they found any activity on Mr C's own account with them which might've given rise to a suspicion of fraud. So, on this basis, I don't think Santander had done enough here to qualify closing Mr C's account immediately in the circumstances. That's a step that shouldn't be taken lightly and that can have a real impact on a customer.

With that said, as noted earlier, Santander could have closed the account in any case so long as they gave Mr C two months' notice. I think that's what they should've done instead if they wanted to end the relationship.

Because they closed Mr C's account without notice, he had to go to branch with ID to withdraw his money, he had to rush to transfer everything to a new bank, and he had trouble getting his important direct debits and bills looked after in the meantime. I understand this caused Mr C a fair amount of stress and inconvenience. Of course, Santander would have been able to close Mr C's account in any case, and even with two months' notice he would have faced some trouble and upset in having to find a new account. But I think much of the trouble and upset he faced here could have been avoided if he'd been given the proper time to move his account.

Where a business has got things wrong, we often tell them to pay compensation, to acknowledge their error and the impact it had. I think it would be fair for Santander to pay Mr C £100 as compensation for the trouble and upset caused in not giving him the full two months' notice.

I have carefully considered what Mr C told us regarding his concerns about racial profiling, and I appreciate he's been candid and open with us about this. I've looked into Santander's internal records and into why they closed his account, and I cannot see anything to suggest this was based on his ethnic background or any racial profiling. As far as I can see, Santander closed his account because of the negative data that had been linked to his contact details on the fraud database.

I also understand Mr C thought that his account closure might have been linked to an issue in 2016. In brief, he was trying to make a payment to a foreign merchant. But because the merchant was in another country while Mr C was based in the UK, and because the online security password had been entered incorrectly, Santander had stopped the payment for further security checks. I've looked closely at this point, and I have found no substantial connection between the 2016 incident and the closure of Mr C's account in 2019. Again: as far as I can see, Santander's decision to close Mr C's account was based on the information from the fraud database.

I said I'd consider anything else anyone wanted to give me. Both sides made some further submissions, which I'll talk about below.

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.

Santander said they only had to give Mr C 30 days' notice. But their terms and conditions say "*we may close your account at any time by giving the other notice... if we decide to do this we'll give you at least two months' notice*". The only mention of 30 days' notice is for non-payment accounts, which does not apply here. It does not specify any other amount of notice. In any case, Santander did not give Mr C any real notice since they blocked the account with immediate effect.

Santander argued that while Mr C's facilities were withdrawn with immediate effect, they technically didn't close the account until a month later. But as I said before, the terms said to give at least two months' notice. And more importantly, in practice they gave him no notice at all since they blocked the account with immediate effect – so whether it was technically still open or not, he couldn't use it. And that's the main thing.

Mr C strongly expressed that he was still unhappy. He asked for evidence that Santander had based their decision on CIFAS data, so we sent him the relevant internal records. But Mr C reiterated that he didn't believe there was anything pertaining to him on CIFAS. I do appreciate Mr C's strength of feeling. But having looked carefully at the relevant evidence, I can see that Santander saw negative data linked to his contact details on the fraud database, and that's why they closed his account.

Mr C reiterated he'd been mistreated, and that the immediate account closure had caused him a good deal of stress. As before, I agree that Santander treated him unfairly by closing his account without any real notice – though I accept they could have closed it in any case, just by giving him two months' notice instead. I can see that this lack of notice caused Mr C some real trouble and upset, so as before I think Santander need to pay him £100 compensation for that.

Lastly, Mr C mentioned he'd had trouble accessing an investment account with a different business. Santander only closed this account here, not any accounts with other businesses. And as far as I can see, they didn't add any entries onto the fraud database themselves which might have caused his other account to get blocked or closed. So Mr C's trouble with the investment account would not have been due to Santander doing something wrong. But Mr C can complain about that other business separately if they're not letting him access his account.

My final decision

I uphold Mr C's complaint in part, and direct Santander UK Plc to pay him £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 27 September 2021.

Adam Charles
Ombudsman