

## **The complaint**

Mrs H and Mr H complain that Santander UK Plc blocked their account, as a result he was unable to pay his direct debits. He would like compensation for the losses he has suffered. Mr and Mrs H are represented by Mr H.

## **What happened**

Mrs and Mr H had an account with Santander. Mr H tried to make a payment to an overseas company. He said this was a legitimate payment. Santander stopped the payment and blocked the account. Because his account was blocked, he wasn't able to pay his usual direct debits.

Mr H requested that Santander switch their direct debits to another account they had with another bank I'll call N. Santander blocked this request. After two weeks Santander restored the banking facilities and the block on the switch. However, the new switch which was due to happen on 5 July 2021 was blocked again. Mr H said his switch took place on 17 July 2021.

Mr H told us that a cheque for a charity was returned in June 2021. And 26 direct debits and payments to his charge card were not honoured.

Mr H switched his pension payments to his account with N as he was unable to access his pension.

Mr H also told us that he had incurred losses as a result of the blocking of the account. In particular €3,156.50 which he had already sent abroad as a first part payment for legal fees and £258 in legal fees for document preparation in the UK.

Mr H complained to Santander. But they didn't uphold his complaint. They said they were entitled to block his account and cited their legal and regulatory obligations. Mr H complained to our service. One of our investigators looked into the complaint. He said Santander were entitled to block the accounts. They had done so because they were concerned the payments being made abroad were for a potential scam and wanted to protect Mr H. He thought that although Santander had made an error during the second switch attempt which meant that Mr H wasn't able to switch his account, no financial loss had resulted from the second switch not being carried out and Mr H still had access to his account.

Mr H was unhappy with the investigator's view. He said Santander hadn't explained they were concerned this was a scam. He said Santander had no proof this was a scam payment. He also said it took many hours to reinstate the direct debits and many were left unpaid. Mr H says he considers that for practical purposes Santander in effect closed their account.

He also said that during this period of three weeks, but for an existing account with N, they would have been left with no income and suffered threats of charges and credit damage.

In my provisional decision I said:

## *Account block*

*Mr H's account was blocked to prevent him from sending money to a potential recovery room scam.*

*Regulations, UK legislation and codes of conduct place extensive obligations on regulated financial businesses. In particular financial businesses are subject to the British Standards Institute (BSI) code for protecting customers from financial harm. Businesses are required to monitor account movements and query out of character transactions which might indicate a customer is falling victim to financial harm. Santander has said that Mr H's account was blocked in order to meet these obligations.*

*Mr H has said he was very inconvenienced when the account was blocked as he had no access to money.*

*Whilst I understand Mr H's strength of feeling, having looked at the information Santander relied upon, I think Santander was trying to protect Mr H from falling victim to a scam and they were considering their obligations under the BSI code. As a result, Santander blocked not just the international payment Mr H wanted to make but the whole account.*

*I appreciate that this has been a very stressful situation for Mr and Mrs H. I've reviewed the evidence provided including a call recording on 21 May. I can see Santander had legitimate concerns Mr H was falling victim to a recovery room scam. From the evidence provided by Mr H he believes the payment was to a genuine organisation that would help him recover funds he had previously lost. Mr H remains convinced that is the case. Because of this I think there is little Santander could have said that would have convinced him of the potential scam. So, I can see Santander wanted to protect Mr H.*

*I have considered whether Santander should have limited the block to overseas payments and allowed Direct debit payments from the account, this would have safeguarded Mr H's direct debits and would have prevented him feeling stress at the thought that his regular direct debits weren't being paid. I think this would have been a more proportionate way of achieving Santander's aim of protecting Mr H from a potential scam. I think Santander should have thought about the reason they were blocking the account and realised that allowing the direct debit payments to be made wouldn't jeopardise the original intention of safeguarding Mr H from falling victim to a potential recovery room scam.*

*So, because of this I don't think Santander acted fairly in this situation. I accept not being able to make the international payment seemed inconvenient to Mr H, but I'm satisfied Santander acted fairly when they blocked this payment in order to protect Mr H from a potential scam. I'm satisfied Santander was trying to follow the guidance to protect Mr H. Ultimately, they did protect him. I believe this was a scam and Mr H would have fallen victim to it had the payment not been blocked. But ultimately Santander could have achieved their aim by blocking international payments only.*

*Mr H has mentioned that Santander should have given them 30 days' notice of their intention to block the account. Mr H refers to information on the financial ombudsman website. I have looked at the information on our website and the information I think Mr H refers to relates to closures and not account blocks. In general, because of the types of reasons that banks have to block an account I wouldn't expect them to give notice of their intention to block an account. So, I don't think that Santander in this case have done anything wrong by not giving Mr H notice of their intention to block his account.*

*Mr H had a visit from the police regarding concerns about the money he intended to send abroad. Santander unblocked the account only after Mr H provided assurances that he would not make the international transfer.*

*As the investigator has said I think given their genuine concerns Santander did the right thing when they blocked Mr H's payment. I know Mr H says it was like an account closure because he couldn't access any money in his account or make payments, but I'm satisfied this was an account block.*

*I know Mr H thinks that because the payment he wanted to make through Santander was blocked, he has lost the first instalment he already paid and has asked that Santander should pay for these losses. I know Mr H believes that the payments he was making were to a genuine organisation that would help him recover substantial financial losses he had previously incurred. However, having looked at the evidence I think it's more likely Mr H was becoming a victim of a recovery room scam. I think Santander had well founded suspicions about the payment Mr H was attempting to make. And by blocking the payment Santander has prevented a further loss occurring. I think they acted fairly in not allowing him to make the international payment. It follows I don't think Mr H can recover the losses he has incurred of €3,156.50 and £258 from Santander and I won't be asking Santander to pay these amounts.*

#### *Switching the account*

*Mr H has said he was unhappy with the way Santander treated him and therefore wanted to switch accounts. The switch request would have come from N to Santander and Santander would have sent over the Direct debits (DD). So, the DDs would have been moved for Mr H.*

*The block on the account was lifted on the 16 June. But Santander didn't lift the block on the switch which is why the switch wasn't able to go through. Once the block was lifted to the account the DDs would have continued to be paid. But I understand Mr H wanted to have them transferred. Mr H was unable to complete the switch on his account until 17 July 2021. In addition, all of Mr H's direct debits were blocked for three weeks.*

*I have looked to see if Mr H incurred any charges as a result of the direct debits being blocked for three weeks. I have seen a letter for a default payment for 9 June 2021 for £12. I can't see that he incurred any other charges and I have seen no other evidence to support further loss.*

*Mr H has told us how difficult and time consuming it has been for him to switch accounts as he had over 20 direct debits. Mr H had manually moved the direct debits over to N before the switch took place on 17 July 2021.*

*I can see that Mr H was charged a default payment of £12 because of the complete block on the account. I think that Santander was genuinely concerned for Mr H, but as I've mentioned Santander could have blocked any transfers and any international payments out of the account and allowed the DDs to be honoured instead of blocking the account and preventing any payments to be made from the account.*

*I have considered if Mr H suffered any financial loss as a result of the delay in switching his DDs. I can see no impact from the account switch delay because he had funds in the account and once the account was unblocked, the payments could continue to be made. He wasn't charged any penalties for missing a direct debit payment so although Santander's error did prevent the switch from taking place on the 5 July, Mr H didn't incur any financial penalties as a result of their error.*

*However, I think both Mr and Mrs H have been caused considerable distress and inconvenience as a result of the switch delay. I appreciate Mr H spent some considerable time switching his direct debits manually. And although these would have been done automatically as part of the switching process on 17 July it was a result of Santander's error that the switching wasn't able to take place on the 5 July 2021.*

*In addition, as I've mentioned it was extremely distressing to Mr and Mrs H to receive a default notice and to have a cheque returned. Mr H has mentioned how he found this embarrassing. Because of this I am minded to ask Santander to pay Mrs and Mr H £200 distress and inconvenience. In deciding on this amount, I am fully aware that money can't compensate Mr H for the distress they both suffered during this time. I am also sure it was very worrying and frustrating for them.*

*Because of the reasons above, I am currently minded that Santander should refund £12 to them and pay £200 for the distress and inconvenience caused.*

Responses to my provisional decision

Santander responded to my provisional decision by accepting my provisional findings.

Mr and Mrs H commented on my provisional decision. They accepted Santander could have just blocked International Payments, Mr H has reiterated that he thinks without the involvement of their local MP the delays would have been even longer. He would still have liked Santander to give him a reason for their actions – he says they refused to explain. He does not consider that they were given good customer service. He doesn't think that £200 is not sufficient compensation.

### **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've also considered again my provisional findings in the light of Mr H's comments. I want to thank Mr h for his further comments.

I appreciate that Mr H and Mrs H have had a difficult time and I'm glad they got the support they needed from their local MP.

In my provisional decision I have explained that Santander were concerned Mr H was falling victim of a recovery room scam. And having listened to the call I am still satisfied that Mr H didn't believe that was the case so I can't see that Santander would have been able to say anything to convince Mr H, even if they had given him the reasons for the block.

Mr H thinks that £200 isn't enough compensation. I appreciate that Mr H and Mrs H have been inconvenienced as I have mentioned but I have seen nothing more to lead me to increase the compensation.

In summary I have considered everything that Mr H has said, and it hasn't changed my position.

For all these reasons and the reasons outlined in my provisional decision, my view on what the fair and reasonable outcome on this case remains the same as set out in my provisional decision.

**Putting things right**

To put things right Santander should pay Mr H and Mrs H £200 and £12.

**My final decision**

For the reasons mentioned above I uphold the complaint. I direct Santander UK Plc to pay Mrs H and Mr H a total of £212.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 13 July 2022.

Esperanza Fuentes  
**Ombudsman**