

The complaint

Mr L complains that Santander UK Plc blocked and closed his accounts after returning a cheque that was deposited. He's also unhappy that it recorded information about this with a fraud prevention agency.

What happened

In September 2020 a cheque was deposited into Mr L's account after he sold some goods online. Mr L couldn't access the funds on the same day as the deposit, but the following day, the funds from the cheque were returned. Mr L said that he spoke to someone at Santander prior to this who told him this wouldn't happen. Santander then blocked Mr L's account and asked him for more information about the cheque.

Mr L complained about this to Santander, saying that he told them why the cheque had been paid into the account and it had told him that this wouldn't happen. Santander said that it had acted fairly though. So Mr L brought his complaint to this service.

Our investigator looked into this and felt that Santander were entitled to return the cheque and acted fairly in blocking Mr L's account. But they felt that Santander hadn't acted fairly in closing the account. They said that Santander should have asked for further information about the situation before taking the action it did. Had it done so, they felt that they would have seen that Mr L had a plausible version of events. So while they said that Santander was entitled to close the account – they felt that it should pay Mr L £200 for the distress and inconvenience it caused.

After this, Santander and Mr L both raised additional points. In particular, Mr L mentioned that Santander had recorded information about him with a fraud prevention agency. Our investigator looked into this and didn't feel that it was fair for Santander to record this information as it didn't meet the required standard in order to do so. So they said that Santander should remove this and restated that it should pay Mr L £200 for the distress and inconvenience here.

Santander raised some initial concerns about the investigator's view but eventually accepted this and agreed to remove the marker and pay the compensation. Mr L didn't accept this though and said that the information recorded with the fraud prevention agency has caused him substantial damage for more than two years. He asked for an ombudsman to review the complaint.

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.

Both Santander and Mr L have now agreed that it's fair to remove the information held with the fraud prevention agency here. So I won't address that in any detail here, other than to say that I think it's fair that Santander removes this too.

Like our investigator, I also don't think it'd be fair or helpful to tell Santander that it needs to reopen the accounts. They have now been closed for some time and Mr L has confirmed that he had (and has) alternative banking arrangements.

So the issue that's outstanding is in relation to the compensation for the impact this situation has had on Mr L. Firstly, given the situation here, I think it was unfair that Santander closed Mr L's accounts immediately and without notice. Closing the account immediately like this was clearly very surprising and upsetting for Mr L. Had Santander provided notice of closure or asked for more information about the situation – it's likely that much of this surprise and upset could have been avoided.

Then I've thought about the impact of what Santander reported to the fraud prevention agency. Everyone now agrees that Santander shouldn't have recorded this – and it's clear that this will have caused Mr L distress and inconvenience. So it's only right that Santander compensates Mr L for that.

It's agreed to pay £200 and I think that's a fair amount. Our investigator has asked Mr L what it is he wants to resolve this complaint – but Mr L hasn't replied or provided any further information about this. So in the absence of any further information about the impact here - I've considered on everything that Mr L has provided us up to this date. Having done so, I still think £200 is a fair and reasonable amount for the distress and inconvenience this caused him.

My final decision

Santander UK Plc should remove the information it's recorded with the fraud prevention agency about Mr L and pay him £200 to compensate him for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 30 December 2022.

James Staples
Ombudsman