

The complaint

Mr B complains Santander UK Plc closed his account with no reason. They issued a cheque in the wrong name which delayed access to his funds. He would like substantial compensation.

What happened

Mr B had three accounts with Santander including two business accounts.

Santander blocked Mr B's accounts to carry out a review.

Following the review Santander decided to close the accounts with immediate effect on 21 October 2021.

Santander issued cheques for the closing balance in the business accounts. Santander have agreed that they made an error and made the cheques out in the wrong name. Following numerous calls by Mr B they reissued the cheques and offered Mr B £50 compensation.

Mr B brought the complaint to our service.

Mr B also told us he had been charged fees for two months which he didn't think he should be liable to pay.

One of the investigators looked at the complaint. She thought Santander had acted fairly when they closed Mr B's accounts. But she thought the £50 compensation offered for the error wasn't enough. She recommended Santander pay Mr B £100 for the inconvenience of having to chase Santander on the phone numerous times for them to reissue the cheques in the correct name.

Although Santander agreed to the proposal Mr B didn't agree with the view. He thought £500 was reasonable as he had been inconvenienced in making calls to Santander and he had suffered a delay in receiving his funds because of the bank's errors.

As there was no agreement, I was asked to consider the complaint.

In my provisional decision I said:

Account review and closure

I'll start by setting out some context for the review of Mr B's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. I am satisfied Santander were complying with these obligations when they reviewed Mr B's accounts.

This is reflected in Santander's terms and conditions. These say Santander can block an account or card to meet its legal obligations and delay payments if needed to carry out

further checks. The terms and conditions of the account also allow Santander to close and suspend accounts immediately in some circumstances.

Santander closed Mr B's accounts with immediate effect. As the investigator explained it's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

I've considered whether Santander acted fairly in closing Mr B's accounts. I've looked at the terms and conditions of his accounts and I'm satisfied they did. The terms and conditions outline that the bank in certain circumstances can close an account immediately. In this case Santander closed Mr B's account without notice. For Santander to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence I'm satisfied that the bank has applied the terms fairly. And it was entitled to close the accounts as it's already done.

Cheques

Mr B has said Santander issued him cheques in the wrong name. Santander have accepted they made an error and have offered £50 for their mistake. Our investigator thought that Mr B had been put to a lot of extra trouble to correct this error and he had made numerous calls to Santander before the matter was sorted and new cheques were issued. Because of this she thought Santander should pay compensation of £100.

However, Mr B didn't think that was enough. He thought £500 better reflected the inconvenience that was caused to him.

I have considered what happened to Mr B and the error made by Santander. I accept Mr B had to make numerous calls to Santander to correct the situation and I appreciate that Mr B was without his funds for a few more days as a result of the error. I know Mr B wanted £500 compensation, but I think £100 is in line with what we would award in the circumstances and is in line with the inconvenience he experienced.

I accept that Mr B was without his funds for longer than he would have been due to the time it took for Santander to reissue the cheques in the correct name. Because of this I think Mr B should be paid 8% simple interest for the time he was deprived of his funds because the cheques were issued in the wrong name. The original cheques in the incorrect name were issued on 22 October 2021. The new cheques were issued on 28 October 2021. I am therefore minded to ask Santander to pay interest at 8% on £10,203.23 for the period between 22 October and 28 October 2021.

Monthly fee

Mr B mentioned he was charged monthly fees for his account. He has told us that he is unhappy he was charged two monthly fees when he didn't have access to his account. I have looked at the bank statements and I can see he was charged a fee of £7.50 for the period 12 September 2021 to 11 October 2021. Mr B had access to his account during that time, so I think it was fair for Santander to charge him a fee for that period.

He was also charged £7.50 for the period between 12 October 2021 and 22 October 2021 when the account closed. Having looked at the statements I can see that Mr B wasn't able to use the account after 11 October because of the block on the account. He was charged for a full month even though the account closed on 22 October 2021. I do not think this is fair, so I

am minded to ask Santander to refund the fee of £7.50 for the period between 12 October 2021 and 22 October 2021 when the account was closed.

Responses to my provisional decision

Mr B has accepted my provisional decision. Santander have also accepted my provisional 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.

Although Mr B and Santander have not provided any further comments, I have nevertheless re-considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I have seen nothing to change my mind and so my provisional findings stand.

Putting things right

To put things right I think Santander should pay Mr B:

- £100 compensation for Mr B's inconvenience
- £7.50 refund of one month's fee
- Interest at 8% simple on £10,203.23 for the period between 22 October and 28 October 2021

My final decision

For the reasons stated above I am partially upholding this complaint.

I require Santander UK Plc to pay Mr B:

- £100 compensation for Mr B's inconvenience
- £7.50 refund of one month's fee
- Interest at 8% simple on £10,203.23 for the period between 22 October and 28 October 2021

HM Revenue & Customs require Santander UK Plc to withhold income tax from the abovementioned interest. Santander should give Mr B a certificate showing how much is taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 30 May 2023.

Esperanza Fuentes
Ombudsman