

## **The complaint**

Mr M has complained about Santander UK Plc withholding a credit into his account.

## **What happened**

Both sides are most familiar with the case, so I'll briefly summarise what happened.

In summer 2022, Mr M received a credit of £10,000. Santander had concerns about the payment and asked for proof of entitlement. Mr M sent some documents, but the sending bank also had concerns and were carrying out their own investigation, so Santander waited for them to finish to make sure everything was OK.

There followed a long delay in releasing the funds. The sending bank say they told Santander they could release the money, whereas Santander say they didn't hear from the sending bank. Following a review, they decided to close Mr M's account. Santander felt they'd acted fairly overall, but paid Mr M £30 compensation for the way they handled a phone call.

Our investigator looked into things independently and recommended that Santander release the payment, pay 8% simple interest between the date the sending bank confirmed they were happy for the funds to be released and the date they were released, and pay an additional £100 compensation.

Santander agreed, and the funds were released on 24 February 2023. Mr M's representative disagreed. He said the matter had impacted him personally, that Mr M had been deprived of the use of the money, and that the simple interest should be backdated further. He asked for an ombudsman to look at things afresh, so the complaint's been passed to me to decide.

## **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 should explain that Santander are required to be on the lookout for potential fraud, and to help prevent it. That will sometimes involve withholding payments, asking for proof they're genuine, and carrying out investigations, like what happened here. Of course, I appreciate that it can be very frustrating for an innocent party to have to wait for these checks. But I don't think Santander were wrong to do them in the first place.

Like our investigator, I think Santander took too long to carry out these checks. I understand they wanted to see what the sending bank found, but on 20 December 2022 the sending bank confirmed they'd contacted Santander to let them know the payment could be released. Even if Santander didn't receive that, given how much time had passed by then, they should have proactively contacted the sending bank themselves by that point.

When someone is unfairly deprived of the use of their money, we often tell banks to pay 8% simple interest on the money for the period they were deprived. This is the same rate the courts use, to compensate someone for the time they were out of pocket. So it seems right that Santander should pay simple interest here.

In terms of when that simple interest should be calculated from, it's worth reiterating that Santander didn't act unfairly by withholding the payment for checks in the first place. So while Mr M was deprived of the use of the money, it wasn't an unfair deprivation at first. Once the sending bank contacted Santander, I think it was unfair for Santander to continue holding onto the funds. So it makes sense to start the interest calculation at that point.

I understand why the representative would like the 8% simple interest to be worked out from an earlier date. But we don't have any evidence that the sending bank tried to contact Santander before 20 December 2022.

I also understand why the representative would like to receive compensation himself. But I can only award compensation to the actual complainant – here, Mr M – for things which happened to the complainant. I cannot make awards to representatives. Further, I appreciate that the money in question originally came from a loan the representative took out, and that he was paying interest on that loan in the meantime. But even if Santander had never frozen the payment, and even if it had gone straight to Mr M's account and stayed there, the representative would still have had to make those same interest payments anyway. And again, I wouldn't be able to award compensation for a representative in any case – only for an eligible complainant. So I cannot make any award there.

On that note, I've considered the stress and upset that Mr M was caused here. I can see that Santander accept their customer service was not as good as it should've been. When a business gets things wrong, we often tell them to pay compensation, to recognise their error and the impact it caused. In terms of the amounts, it's worth bearing in mind that we're not here to issue fines or punish businesses. Here, I can see that Mr M was caused some real stress and frustration which an apology on its own would not be enough to remedy. We have guidelines about what levels of compensation to award, and I need to be consistent with those. Taking everything into account, I think the £100 additional compensation that our investigator suggested is fair.

Lastly, I can appreciate why Mr M may be unhappy that Santander closed his account. But much like Mr M can broadly choose who he banks with, Santander can broadly choose who banks with them. I can see that, following a full review, Santander decided to close the account, and they gave the appropriate notice under the terms. So I can't say that they did anything substantially wrong there.

### **Putting things right**

I direct Santander UK Plc to:

- pay simple interest to Mr M on the withheld payment, at the rate of 8% simple a year, payable from 20 December 2022 until 24 February 2023†; and-
- pay Mr M £100 compensation for the trouble and upset they caused.

† HM Revenue & Customs requires Santander to take off tax from this simple interest. Santander must give Mr M a certificate showing how much tax it's taken off if he asks for one. Mr M may be able to claim the tax back from HMRC if he doesn't normally pay tax.

### **My final decision**

For the reasons I've set out, I uphold Mr M's complaint in part, and direct Santander UK Plc to put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 May 2023.

Adam Charles  
**Ombudsman**