

The complaint

Mr W complains about Santander UK Plc's actions when reviewing and subsequently closing his personal and business account. Mr W is also unhappy about the delay in receiving the money held in his personal account.

What happened

Mr W held two accounts – one for personal use and one for business use. In August 2021, Santander decided to close both Mr W's accounts without notice. Santander sent the money held in the business account by cheque to Mr W on the same day they closed it; however, Mr W says he didn't receive the cheque for his personal account until around two weeks after their decision to close.

Mr W said being without access to his accounts caused significant distress for him as an individual – and for the reputation of his business. He complained to Santander, but they didn't uphold his complaint.

Mr W referred the complaint to our service. Our adjudicator looked at things and thought Santander were entitled to close the account without an explanation and said they can't always guarantee funds in an account would be readily available.

Mr W remained unhappy, so the complaint was passed to me.

In February 2023, I issued a provisional decision. In it, I said;

Firstly, I've noted that Mr W has made a number of quite detailed submissions. I don't believe it's necessary to address each and every point that Mr W has made in order to meet my statutory duty to determine his complaint. I'm required to do that with minimum formality, and so I'll address the issues that I consider to be the most important. I do stress however that I've considered everything that Mr W and Santander have said before reaching my decision.

The main issue to address is that Santander has provided us with very little evidence. We don't have evidence of:

- *The specific evidence on why they took the decision to close Mr W's account immediately.*
- *Evidence to show what caused the delay in the cheque being sent for the money held in Mr W's personal account.*

I respect that Santander has internal policies and processes to follow along with legal and regulatory obligations. But they are also aware of our rules.

DISP 3.5.2 states, amongst other things, that an Ombudsman can "reach a decision on the basis of what has been supplied and take account of the failure by a complainant or a firm to provide information that an Ombudsman has requested; and...."

Therefore, my decision is based on the evidence and information I have received.

Santander are entitled to review the account under the account terms and conditions. And a bank isn't generally obliged to provide an explanation as to why transactions can't be carried out at the moment an account holder is seeking to make them, or as to why funds are generally not accessible. Having looked at the evidence, I'm satisfied that Santander acted in line with their legal and regulatory obligations when it blocked and reviewed Mr W's accounts. I recognise this caused Mr W significant distress as he couldn't access his money, but I can't fairly conclude that Santander did anything wrong. And therefore, I can't reasonably uphold the complaint for this reason.

We wouldn't usually confirm a timeframe in which a bank has to carry out a review – but we would always consider if there were any unavoidable delays. I appreciate Mr W is unaware of why Santander took the actions they did – but Santander has shared information with our service. While I'm unable to pass that information on to Mr W, I'd like to reassure him that I'm satisfied Santander had reasonable cause to carry out a review. When financial institutions carry out reviews, it's common practice across the banking industry that the review will require additional information from the account holder. Often, the information required is related to the consumer's identity, proof of entitlement to recent payments or more details on what the account is used for. It doesn't appear Santander asked Mr W any questions before finalising their review and making the decision to close the accounts.

At times, following a review, banks sometimes choose to end their relationship with customers. This can be due to a number of reasons and a bank isn't obliged to give a reason to the customer. Just the same as if Mr W decided to stop banking with Santander, he wouldn't have to explain why.

However, Santander can only close accounts in certain circumstances and if it's in the terms and conditions of the account. Santander have relied on the terms and conditions when closing Mr W's account. The personal account and business account terms explain that the bank can close the account immediately – or give notice of at least two months. I've considered the full circumstances of this complaint and I consider a notice period of two months would have been more appropriate than an immediate closure. I say that because Santander hasn't supplied enough evidence to satisfy me that Mr W breached any of the terms listed to warrant an immediate closure.

I've thought carefully about the impact Mr W's accounts being closed on the same day had compared to if he had been given two months' notice. I think the required notice period would have allowed Mr W to switch his accounts, and inform his business clients of alternative account details. While I appreciate this would have still caused some disruption, I don't consider it would have been unreasonable. So, to recognise this inconvenience, I think Santander should pay Mr W compensation.

I also haven't seen enough to explain why the money held in Mr W's business account was sent with a cheque the same day as the closure letter – but the money held in the personal account wasn't sent for around two weeks afterwards. I don't doubt this caused more distress – and again, I think this could have been avoided had Mr W been given appropriate notice as he could have transferred the money himself to a new account. The loss of use of the money should be recognised by Santander, and I consider the fairest way to do this is to add 8% simple interest to the funds withheld.

Overall, based on the evidence received, I don't think Santander did enough to satisfy themselves that an immediate closure was reasonable in the circumstances. I haven't seen any evidence of financial loss from Mr W so I have only considered a payment to recognise the distress and inconvenience caused. I think £250 compensation to be appropriate in the

circumstances.

I think adding interest to the amount held in the personal account from the date they decided to close the account, up to the date they sent the cheque fairly compensates Mr W for the loss of use of his money. I don't consider this should be paid for the money held in the business account as the cheque was sent on the same day as the closure.

So, I thought Santander should pay 8% interest on the amount held in Mr W's personal account and pay £250 compensation for the inconvenience.

Santander didn't respond with any further comments or arguments. Mr W did respond. In summary, he was satisfied with the 8% interest – but thought they should pay more than £250 compensation for the distress and inconvenience. Mr W explained that due to needing to open accounts with another bank, setting up new direct debits and new credit transfers he feels compensation in the region of £1,000 to £2,000 would be more appropriate.

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.

Having done so, I don't see any reason to depart from my initial findings. I appreciate Mr W feels more compensation is due, so I've thought carefully about his point. I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong (as I have done in Mr W's case) we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

While I appreciate two months' notice would have reduced the impact on Mr W – I still find he would have had to open other accounts, transfer direct debits, and set up new credit transfers. So, I can't reasonably agree if Santander had given the two months' notice, the inconvenience would have disappeared entirely. Therefore, I've had to decide on an appropriate amount based on what has happened.

Putting things right

Considering the full circumstances, I can't fairly ask Santander to pay more compensation than £250 as I haven't seen anything to satisfy me that compensation in the region of what Mr W is asking for is warranted. I think £250 fairly reflects the inconvenience caused.

I am also satisfied the 8% simple interest recognises the loss of use of funds by Mr W not having access to his money when he should have.

My final decision

My final decision is that I uphold this complaint. In order to put things right, Santander UK Plc should:

- Pay interest at 8% simple per year on the amount held in Mr W's personal account. They should calculate this from the date they decided to close the account up to the date they sent the cheque to Mr W.
- HM Revenue & Customs requires Santander UK Plc to withhold income tax from the

above-mentioned interest. Santander should give Mr W a certificate showing how much tax is taken off if Mr W asks for one.

- Pay £250 compensation for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 19 April 2023.

Hayley West
Ombudsman