

The complaint

Ms S is unhappy Santander UK Plc (Santander) closed her accounts without any notice. She is also unhappy with the service she received following the accounts being closed.

What happened

The key facts of this complaint are known to both sides, so I will summarise the background below.

Ms S was abroad recuperating from a serious health condition, when on 4 December 2020 she tried to log on to her online banking but couldn't. On the same day her Santander credit card was declined when trying to make a purchase. Then on 7 December she received a text message to say one of her direct debits had been declined for insufficient funds. It was at this point that she contacted Santander – which she says was difficult from abroad – and was told her accounts had been closed and she should receive letters with more detail.

Ms S asked a relative to attend her home address in the UK to collect the letters. These explained her accounts had been closed – or would be closed once the balances had been cleared. This included her current account with the associated overdraft being recalled, her ISA and her credit card. There was also a letter sent in July 2020 with a questionnaire attached, asking for information about her accounts.

Ms S has explained that at the time of the closure she was stranded abroad due to the Covid-19 pandemic and her medical situation, so being without her accounts made her situation extremely difficult. She had numerous Direct Debits attached to her current account, all of which went unpaid in December 2020, including one for her Santander loan. She's explained that because she couldn't log into her online banking, and calling was extremely difficult at the time, she didn't know the relevant details to ensure her loan payment was made. This resulted in a missed payment marker being applied to her credit file.

Ms S complained, but Santander just explained that it wouldn't be able to unblock the account or allow any payments to be made. Ms S says that because Santander effectively refused to enter into any meaningful conversations about her account situation – and her increasing worry about her financial situation – she instructed a solicitor to act on her behalf. Over the next six months there was ongoing communication about how Ms S could make payments to clear her credit card and overdraft balances, with Santander eventually agreeing to unblock her accounts for one day in June 2021. At this point Ms S cleared the balances. Santander then officially closed the accounts and said it would ensure no adverse information was recorded against the credit card and current account.

During this time Ms S also sent Santander a completed copy of the questionnaire it had sent her back in July 2020. But this didn't change Santander's decision to close the account.

Ms S has explained this has impacted her financially due to the numerous missed payments, some of which resulted in adverse information being recorded on her credit file. She says this led to her credit card providers reducing her credit limits. It also had a detrimental impact on her physical and mental health, as well as costing her money in having to instruct a solicitor to act on her behalf. She would like compensation for all of the above and her costs

covered, as well as knowing the reason for the account closures.

Santander has explained that it was entitled to close Ms S's accounts and doesn't have to give a reason for doing so.

Ms S referred her complaint to our service. Our investigator didn't uphold the complaint. He said that every bank has their own criteria and risk assessment when choosing to offer accounts and it doesn't have to provide a reason when it chooses to close an account. He was satisfied Santander had done the right thing in removing the adverse information reported to the credit reference agencies but didn't think any further action was needed. Ms S didn't agree. In summary she said the following:

- The investigator's opinion didn't consider the full and correct facts of the complaint.
- Santander didn't provide the necessary time and notice for her to rearrange her finances.
- Ms S pointed out that Santander has an obligation to treat customers fairly and communicate with them in a way that is clear and not misleading. However, she received numerous pieces of conflicting information following the account closures.
- Santander didn't provide any way to communicate other than on the phone.
- There was no recognition of the suffering, distress, anxiety and inconvenience caused by the actions of Santander in closing her account.
- There was no consideration as to why Ms S wants to know the reason for the closure, in that she wants to ensure her reputation, standing and credit rating have not been damaged by Santander's actions.

Because Ms S disagreed, the complaint has been passed to me to decide.

I asked Santander about the missed payment on Ms S's credit file in relation to the loan and it explained this wasn't included when it agreed to remove any adverse information in July 2021. It was just the credit card and current account. However, it said it's willing to remove the missed payment marker for the loan.

What I provisionally decided – and why

I issued my provisional decision on this complaint on 1 March 2023. These were my findings:

'Account closures'

Firstly, I can understand why Ms S is so frustrated with the account closures and not knowing the reason as to why. I appreciate she feels like she's been treated poorly and has been severely impacted by Santander's actions, especially when taking into her account her personal circumstances at the time. I'd like to assure her I have thoroughly looked into why her accounts were closed to check Santander did this fairly. And whilst she is going to be disappointed, I'm satisfied it did.

It's important to remember that Santander has a wide range of legal and regulatory obligations it must meet when providing account services to its customers. These obligations are ongoing so don't just apply at account opening stage. To comply with these obligations, it may need to review accounts and the activity taking place on them. Sometimes these reviews will lead to the accounts being closed. If Santander didn't do this, it could risk serious sanction.

Santander also has commercial discretion and can choose who it does business with, just as Ms S can choose who to bank with. Of course, we expect Santander to use its

commercial discretion to make decisions free of prejudice and discrimination. And having reviewed the reasons for the closures, I'm satisfied in Ms S's case it did this.

So, taking all this into account and reviewing the information Santander has provided, I'm satisfied it was entitled to close Ms S's accounts. Understandably Ms S would like Santander to tell her the reason for the closure, and I have taken her reasons for his into account. However, it has no obligation to do so. This information is often commercially sensitive. So, it wouldn't be appropriate for me to require it to do so or disclose the reasons myself.

Notice to close

Whilst I'm satisfied Santander was entitled to close Ms S's accounts, based on what I've seen I think it should have provided her with two months' notice, rather than close her accounts immediately.

However, it's difficult for me to conclude Santander giving notice would have made a difference here. I say this as Ms S is unlikely to have been aware of the notice period due to not receiving her post – and this isn't something I can hold Santander responsible for as it wasn't aware Ms S needed or wanted communication in a different way at that point. The fact it sent the notices by post only isn't an error here. So, the situation Ms S found herself in, in December 2020, would just have been repeated, but two months later when the notice period expired.

With this in mind, I'm satisfied that regardless of the notice period, Ms S would always have had some of her regular payments bounce, specifically those around the closure date, whether that be 4 December 2020 or 4 February 2021. And Ms S would still have had to rearrange her regular payments after her accounts had been closed/blocked. I therefore don't think compensation is warranted for the lack of notice and the impact this had on Ms S.

Customer service issues

Despite my conclusions above, I don't think Santander treated Ms S fairly in how it dealt with her following her becoming aware of the account closures on 7 December 2020. Specifically, the failure to help her settle her accounts in a timely manner and the confusing correspondence that was sent as a result.

I should begin by explaining that whilst Santander took the decision to close Ms S's accounts, both her current account and credit card were technically still open in December 2020. Because they both had a negative balance they couldn't be officially closed down on Santander's system, so were blocked until the balances were cleared. This is why correspondence continued to be sent in relation to these accounts.

As early as her email to Santander on 9 December 2020, Ms S told it about her situation – that being she was stranded abroad due to her ongoing health concerns and the Covid-19 pandemic. And in her letter of 30 December 2020, Ms S made it clear that calling from where she was, was difficult and expensive – made worse by volcanic activity at the time.

Instead of Santander being proactive and recognising the difficult situation Ms S was in, there was back and forth communication between Santander and Ms S (or her representatives) between December 2020 and June 2021 where Ms S's situation was explained, and Santander continually told them Ms S needed to call the collections departments to arrange a payment to clear her balances.

Santander has told me that Ms S needed to call collections so that they could arrange for the blocks on her account to be lifted for long enough for her to make the payment. But this is what Santander eventually agreed to do in June 2021 without the need for this phone call.

So, I don't think it treated Ms S fairly in repeatedly telling her to call collections when it could have arranged the block being lifted from the outset. This is especially the case knowing her unique and challenging situation at the time. Given it was a benefit to Santander for the debts to be cleared too, I can't see why this didn't happen and believe this would have been the reasonable action to take here.

I can also see Santander sent Ms S various bits of confusing correspondence following its notice to close the accounts and didn't tailor this to the situation. For example, the notice to close for her current account mentioned that she needed to clear the overdrawn balance and said that whilst debits had been blocked, she could make credits to clear the balance. Santander then continued to send automated letters regarding the overdraft and credit card balances, asking her to make payments via online banking. However, when Ms S attempted to credit the account, this was rejected, with Santander subsequently confirming her account couldn't accept credits. It also sent a default notice despite the ongoing communication about how to make payments to clear the owed balances. Whilst I accept these were automated letters, Santander should ensure accurate and clear information is being given and it didn't do enough here to ensure Ms S was receiving communication tailored to the situation around her account closure. And in any event, given what I've concluded above about Santander allowing Ms S to clear her balances sooner, a lot of this could and should have been avoided from the outset.

Overall, I don't think Santander treated Ms S fairly in the way it dealt with her following the closure of her accounts. It was clear she wanted to settle her accounts and was searching for a reasonable way to do this given her situation. And whilst I'm satisfied Santander did nothing wrong in closing the accounts, I think it could have facilitated the repayment of overdraft and credit card balances by the end of December 2020 and avoided months of the confusion, worry and frustration Ms S faced in relation to this, at what was already an extremely challenging time for her.

Santander said it is willing to remove the missed payment marker in relation to the loan. Whilst I've agreed Santander was entitled to close Ms S's current account, I've also concluded communication could have been clearer and more tailored to Ms S's situation. She explained to Santander in December 2020 that she was struggling to obtain the information to make her loan payment on time and she did attempt to pay money into her account to cover this payment. I can't see Santander helped her with this in its response, so I think in the circumstances it's fair for this adverse information to be removed.

Whilst it's difficult to conclude Ms S's credit limits were reduced purely because of the adverse information recorded by Santander; I think it's fair to say the information would have certainly had an impact on her credit rating. So, I've taken this into account when deciding on a fair award.

With all this in mind, I think Santander should make an award of £400 for the trouble and upset caused.

Ms S has asked us to consider her solicitor costs be covered by Santander as she felt she had no choice but to instruct them. But while I appreciate it was a frustrating and difficult time for Ms S, and I understand why she decided to seek legal help, it's not something I would expect Santander to cover. Ultimately, it was Ms S's choice to instruct a solicitor. Santander did respond to her communication on 15 December 2020 - albeit not with the outcome Ms S wanted - and let her know her right to complain to this service. Something she was able to do free of charge. So, I'm satisfied it was communicating with Ms S. It therefore wouldn't be fair for me to ask Santander to cover these costs.'

Santander responded and agreed with the provisional decision.

Ms S responded and whilst happy her complaint had been upheld, she asked that I reconsider two points.

Firstly, Ms S reiterated that if she would have had notice of the account closure this would have given her time to rearrange her regular payments, which totalled over 30.

Ms S said she learned of the account closure on the phone on 7 December 2020 and had sight of the closure letter dated 4 December 2020, on 15 December 2020. She therefore maintains that had she had two months' notice from the date of the closure letter, she would have been able to calmly rearrange all her regular payments.

Secondly, Ms S maintains that her solicitors' costs should be covered. She emphasised the fact she put significant effort into contacting Santander herself, via email, letter and chats, but the responses show it didn't want to enter into any meaningful communication with her. She pointed to an email from 15 December 2020 which said "*Santander cannot allow any transactions to take place at the current time. We are unable to provide an explanation at the current time. We will advise you if and when this situation changes*". Ms S has said that when she subsequently got her solicitors involved it did at least move things along. She says that if she had not engaged her solicitors, Santander would have ruined her with its aggressive debt collection procedure.

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 appreciate Ms S's comments about the notice period and as I explained in my provisional decision, I do agree that two months' notice would have been appropriate in the circumstances. However, I'm still of the opinion it wouldn't have made a difference to the inconvenience Ms S faced.

Ms S has pointed out that she found out her accounts had been closed on 7 December 2020 and subsequently therefore had someone check her post and saw the closure letter. She therefore thinks had notice been given in this letter, it would have prevented much of the stress she faced in having to rearrange her regular payments. However, the point here is that if Santander had given notice in this letter, Ms S wouldn't have ever been aware of it. The only reason for the call on 7 December 2020 was due to the issues Ms S had been experiencing because her accounts had already been closed or blocked until the debts could be cleared. For example, she'd been unable to log onto online banking, her credit card payment was declined, and she'd received a text message saying one of her direct debits had been declined.

Had Santander done what I would expect and given Ms S two months' notice in the letter dated 4 December 2020; she would never have been aware of the impending closure. I say this because her accounts would have continued to operate as usual, and she wouldn't have experienced any of the issues that prompted her to call in December 2020. So, she would have just faced all the above issues, but two months later. And by that point the notice would have expired, and she would still have had the time pressure of rearranging her regular payments.

Because of this, I still can't agree that compensation should be paid to cover the inconvenience caused by the lack of notice.

I've considered Ms S's comments in relation to her solicitors' costs, and whilst I appreciate her strength of feeling on this point, I'm still not able to direct Santander to cover these. I

understand Ms S's feelings around the lack of helpful or meaningful communication she had from Santander prior to instructing her solicitors. However, as I said in my provisional decision, Santander did address her complaint in a final response on 15 December 2020. This final response letter was sent the same day as the email she mentioned above. Although it may not have given the outcome or answers she wanted, it did refer her to this service. Ms S chose to instruct solicitors at a cost, instead of referring her complaint to us, free of charge. It wouldn't therefore be fair for Santander to cover these costs.

To conclude, I'm still of the opinion Santander was entitled to close Ms S's account but should have provided her with two months' notice. However, I don't think this would have made a difference in the circumstances, as explained above. I do, however, believe the service Santander provided fell below the standard I would expect following the closure. This led to late payment markers being recorded on Ms S's credit file and her facing unnecessary trouble and upset. Whilst I'm not in agreement Ms S's solicitors' costs should be covered, taking everything into account, I'm satisfied the removal of the late payment marker for the loan and the £400 compensation, is a fair and reasonable resolution to this complaint.

Putting things right

In order to put things right I direct Santander to do the following:

- Pay Ms S £400
- Remove the late payment marker in relation to Ms S's loan if this hasn't already been done.

My final decision

My final decision is that I uphold Ms S's complaint against Santander UK Plc and direct it to carry out the settlement detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 17 May 2023.

Sarah Brimacombe
Ombudsman