

## **The complaint**

Mr S has complained that Santander UK Plc (“Santander”) placed a freeze on his account after he attempted to transfer money out of his account.

Mr S says that he went to a Santander Branch and spoke to staff a number of times to get his account unblocked. Mr S says that Santander took an unreasonable amount of time in which to do so. During this time Mr S says that he was unable to make any payments from his account.

## **What happened**

On 8 April 2023, Santander blocked Mr S’s account while it carried out a review of his account, following an attempt by Mr S to transfer a lump sum of money from his account. Santander didn’t give details about why exactly it had blocked Mr S’s account, other than to say that its automated fraud detection system had flagged the account to be reviewed for additional security checks.

Looking through Mr S’s summary of the communication he had with Santander, I can see that he spoke to Santander a number of times; went through its scam questionnaire a number of times; and also visited a couple of Santander branches to get the freeze placed on his account lifted. Eventually, Santander removed the block from Mr S’s account on 30 April 2023.

Santander issued a final response letter on 14 April 2023 and explained that the account block was automatically applied on 8 April 2023 and the security review was considered by its back-office team on 11 April 2023, but it was unable to get in contact with Mr S on 12 April 2023 to discuss the matter further. Santander said that it did manage to speak with Mr S on 13 April 2023, but after this, when it tried calling Mr S back, it was unable to reach him again.

After he referred his complaint to our service, Santander explained that it wasn’t at fault for applying the block to Mr S’s account as it was applied as a precaution to protect both Mr S and Santander from fraud. Santander did however acknowledge that there was an unreasonable delay in reviewing Mr S’s account and lifting the block. Santander said it had initially offered to pay Mr S £100, but said it was willing to increase the amount of compensation by a further £150, bringing the total amount to £250 – to better reflect the impact this matter had on Mr S.

Our investigator assessed the complaint and she thought that the amount Santander had offered to settle the complaint was reasonable.

Mr S remained unhappy, so he asked for an Ombudsman to review the matter afresh.

## **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 reviewed everything that has been provided by Mr S and Santander, I think that the increased amount of compensation that Santander offered after he referred his complaint to this service is reasonable in the circumstances. I also think that, as Mr S was deprived of having the benefit of his money for an unreasonable amount of time, Santander should also pay Mr S compensatory interest - which I have explained below.

In our complaint form, Mr S has said that his complaint is not about Santander freezing the suspected transaction, but is about Santander's subsequent refusal to process any payments or to remove the block on his account despite asking for it to be.

All banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. That sometimes means they need to restrict customers' accounts while they carry out a review. Santander's ability to do this is also reflected in its general terms and conditions which say:

***"Blocking access to your account***

*We can block or withdraw your cards, chequebooks or personal security details. We can also block your access to your account, including Online Banking, Mobile Banking and Telephone Banking. We may do this in the following situations, where we think it's reasonable.*

- We have concerns about the security of your account.*
- We suspect your account, card or services may be used in an unauthorised or fraudulent way. This may happen, for example, if there are too many unsuccessful attempts to login to Online Banking or use a PIN.*
- There is a significantly increased risk you won't be able to repay any money you owe us.*
- You haven't provided us with information that we've reasonably asked for.*
- Allowing you to access your account might cause us to break or not follow any law, regulation, court order, code or other duty that applies to us. Or allowing you to do this might mean we or another member of our group could face action or censure by a regulator, government, or law enforcement body in any jurisdiction."*

So it is the case that Santander is able to block an account holder from accessing their accounts for a variety of reasons - and not just if it is requested to by the National Crime Agency, as Mr S believes. In the circumstances, I can't reasonably say that Santander was acting incorrectly or unfairly if it blocked Mr S's account, whilst it investigated the payment that was flagged as suspicious by its automatic fraud detection system.

Nevertheless, the issue as I see it in this case is not that Santander applied the block, but more that it took an unreasonable amount of time in which to remove the block from Mr S's account. And this delay led to Mr S not being able to pay for various things in that time.

Overall, I have some sympathy with Mr S on this point. Mr S didn't have access to his account for a period of time. And it seems he did try and get matters resolved by speaking with Santander a number of times, completing a questionnaire a number of times and visiting branch. I understand that Mr S had to borrow money from friends to make payments in this time.

However, I'm mindful, when weighing everything up, that there will always be an element of unavoidable frustration and inconvenience when an account is blocked for a security review. I'm also mindful that an element of the delay was because Santander had tried to call Mr S to discuss the matter further a number of times, but was unable to reach him.

Matters of compensation can be subjective, and I'm fully aware that Mr S feels that a higher award of compensation is merited here. But taking everything into consideration, I think that Santander's offer to pay a further £150, to bring the total amount of compensation to £250, is fair and reasonable in the circumstances.

However, as well as making an award for the distress and inconvenience caused to Mr S, I also note that Mr S mentioned missing out on receiving interest on the money he wanted to transfer from his account.

Although I've not seen evidence of what interest rate Mr S could've received on the money, I do accept that Mr S was deprived of having access to the money in his account for an unreasonable amount of time. So I think that Santander should pay Mr S 8% simple annual interest (less deductible tax) on the account balance, to reflect this. I think it's fair that this should cover the period from when the block should've been removed by - which seems to have been 11 April 2023, until when the block was removed - which was on 30 April 2023.

### **Putting things right**

To put matters right, I require Santander UK Plc to pay Mr S a further £150, so as to bring the total amount of compensation for the distress and inconvenience caused to £250.

I also require Santander UK Plc to pay Mr S 8% simple annual interest, less any deductible tax, on the account balance (of the blocked account) - covering the period from 11 April 2023 to 30 April 2023.

### **My final decision**

Because of the reasons given above, I uphold this complaint and require Santander UK Plc to do what I have outlined above to put matters right, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 29 December 2023.

Thomas White  
**Ombudsman**