

The complaint

Mr A complains Santander UK Plc (“Santander”) blocked and closed his current and credit card accounts immediately and without explanation. Mr A’s also unhappy he was told to pay off his overdraft and credit card balance imminently after closure.

What happened

In January 2022, following a review, Santander decided to close Mr A’s accounts with immediate effect. Mr A was sent a letter for his current account explaining it had been closed immediately and he would need to pay off the overdraft balance within seven days. Mr A says he borrowed the money from his parents and paid this off.

Santander also sent Mr A a notice of closure letter for his credit card, and he was told to pay off his outstanding balance of around £4,000 in 60 days. Mr A called Santander and explained he couldn’t pay off such a substantive sum in that time. Santander agreed he could continue to make regular payments on his card to reduce the balance, but he wasn’t able to use the credit card for any new transactions.

Unhappy with Santander’s actions, Mr A complained. In summary, Santander said in its final response:

- It has acted in line with the terms of the account in blocking Mr A’s accounts
- It has legal and regulatory obligations to meet which means it can be required to withhold transactions or services, or block accounts – and it’s not always possible to provide an explanation for this
- Santander is unable to continue its banking relationship with Mr A, and given the terms of the account, it can do so at anytime without explanation

Mr A referred his complaint to this service. One of our Investigator’s looked into his complaint, in summary, some of the key findings they made were:

- Santander wasn’t obliged to give notice or explanation for the block – and did so in line with its legal and regulatory obligations
- Santander closed Mr A’s current and credit card accounts fairly; in line with its terms and conditions; and legal and regulatory obligations
- Santander isn’t obliged to give an explanation to Mr A for the closures
- Mr A was given fair notice of repaying his credit card balance – two months was in line with the terms of the account. Also, as Mr A was struggling to pay off his debt in this time, Santander acted fairly by working out a payment plan – and his credit file hasn’t been affected by this
- Santander has acted fairly by continuing to charge Mr A interest on his outstanding credit card debt. That’s because the terms of the account say “*You must continue to*

pay interest on all amounts you owe us even after the Account is terminated or closed”

- But the terms and conditions don't mention a credit card fee, nor do they say Santander can continue to charge this after an account closure. Mr A hasn't used his credit card since March 2022, so it doesn't seem fair he should be charged a monthly fee. So Santander should reimburse Mr A all monthly fees from March 2022
- As Mr A didn't say he was struggling to pay off his overdraft, and paid it off within seven days, Santander hasn't done anything wrong
- Call recordings with Mr A and Santander's agents show he was passed from department to department, and overall the customer service wasn't good
- To put things right, Santander should reimburse all monthly credit card fees. And it should pay Mr A £60 for the stress and inconvenience caused

Mr A did not agree with what our Investigator said. I'd like to assure Mr A that I've carefully read all the points he's made, even if I don't explicitly set them out here. Some of the key points Mr A has made are:

- Santander had told Mr A on a call that he would not have to pay any interest on the outstanding balance whilst he worked towards clearing it
- He had provided a genuine GP's fitness note despite it not being signed, so it is something that should be considered as part of any distress and inconvenience award
- Santander should have checked his entire banking history with it before deciding to close his accounts

In response, our Investigator said they'd listened to calls Santander had given them, and they didn't hear Santander saying no interest would be charged. Nor had they addressed an ancillary complaint point as that related to Santander's HR policy regards recruitment.

I note too Mr A asked for specific bank statements so he could better explain transactions that formed part of Santander's review. Mr A has sent his comments on these. I'd like to assure Mr A I've considered what he's said as part of my decision.

Santander also responded, it said it was happy to pay Mr A £60 compensation. It added that the monthly fee on the credit card is automatically added as its built into the account. So as such it can't stop its systems from continuing to add this charge until the balance is repaid.

But Santander has suggested it can refund the £3 a month charges from March 2022 to date, and that it will leave an alert on Mr A's customer profile to note any future charges are also refunded upon customer contact or closure of the account.

As Mr A didn't agree with our Investigator said, his complaint has now 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.

Having done so, I've decided to uphold this complaint in part. Much of what I've decided will disappoint Mr A, so I'll explain why.

I'm very aware I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mr A and Santander have said before reaching my decision.

It's important to note, my decision focuses on Santander's actions regarding Mr A's current account and credit card. So I won't be making any finding on points Mr A has raised about Santander's broader actions relating to its HR policy around recruitment.

I would add too that our rules, as they stand, allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Santander has provided is information I consider should be kept confidential.

Account review and closure

Banks in the UK, like Santander, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

Having carefully considered Santander's reasons for reviewing and blocking Mr A's accounts, I'm satisfied it acted in line with the legal and regulatory obligations it must follow.

Santander is entitled to close an account just as a customer may close an account with it. But before Santander closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which Santander and Mr A had to comply with, say it could close the account by giving him at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Having looked at the information given to me by Santander and Mr A, I'm persuaded, on balance, it was entitled to close the account in the way that it has done. That means I think Santander acted properly in closing Mr A's current account immediately.

Similarly, for the same reasons, I'm persuaded Santander acted in line with the terms of the credit card account when closing it by stopping Mr A using it going ahead.

I know Mr A would like an explanation of why Santander took these actions. But neither I nor Santander are under obligation, that I'm aware of, to do so. And I've already said that we consider some information as confidential.

Customer service and debt repayment

Santander gave Mr A seven days to repay his overdraft of around £2,000. From the calls I've

listened to Mr A says he borrowed this money from his parents, though he didn't think Santander was acting fairly. Mr A didn't discuss needing to make any payment arrangement, so Santander didn't act on this.

Having reviewed the account terms, I'm satisfied Santander did nothing wrong by asking Mr A to repay his overdraft in this way. Mr A was fortunate enough that his parents, who he has a longstanding relation with of borrowing money, were able to help him. Mr A ultimately had taken out this debt, and so was contractually bound to repay it.

From the calls I've listened to, it's clear Mr A wasn't in a financial position to repay his credit card balance within two months. And, despite the customer service issues which I'll discuss later, he was able to agree a payment with Santander which I understand doesn't affect his credit reporting adversely.

To my mind, Mr A is therefore unable to use the card but can make payments as he would've before. I think this is a fair solution. So I don't think Santander have done anything wrong here.

I've listened to several calls, and it's clear that Mr A was passed from department to department as many of Santander's staff didn't know what to do with his queries. It's not my role to make findings on Santander's wider operations and processes, but in relation to Mr A, I'm satisfied its standards have fallen short.

Monthly credit card fee and interest

I've read the terms of Mr A's credit card account and note Santander can charge interest on the balance until it's cleared. By doing so, even after Mr A no longer has the use of it, I'm satisfied Santander isn't doing anything wrong. After all, Mr A agreed contractually to pay interest on any debt until it's paid off.

Santander accept it should not have charged Mr A a monthly fee on his account. I also think this fee should not have been charged and was applied unfairly given he no longer has benefit of the account. I note Santander has process issues in making sure the fees aren't charged each month going ahead. This is unfortunate, because by doing so, Mr A will suffer detriment especially as this will add to the overall outstanding balance and will most likely attract interest.

So, Santander should refund any fees charged since March 2022, and also rework the account so any interest incurred because of these fees is also refunded. It follows it is in Santander's interest to not charge these fees as they'll attract interest until either Mr A proactively asks for a refund, or when the balance is cleared.

So, to summarise and be clear, I think Santander shouldn't have charged Mr A a monthly credit card fee and it should have provided better customer service when he was trying to make a payment arrangement.

Mr A has explained that Santander's actions have caused him severe distress and inconvenience. He says, among other things, it affected his health, and he has sent in his GP's fitness notes to demonstrate this point. I'm happy to accept these as legitimate.

I don't doubt Santander's actions had an adverse impact on Mr A. But I've decided that it acted fairly, and in line with obligations placed on it, when reviewing and closing the accounts. This is the crux of Mr A's complaint. So given I don't think Santander did anything improper, I won't be making any award of compensation for distress or inconvenience related to these key points of the complaint.

But I do think £60 is fair compensation for the distress and inconvenience Santander's customer service caused him. This no doubt would have impacted his wellbeing as well causing inconvenience.

Putting things right

To put things right, Santander should:

- Pay Mr A £60 compensation
- Refund all monthly credit card fees from March 2022 till date. The account should also be reworked so that any interest incurred from these fee's being applied are also refunded
- Continue to refund all future monthly credit card fees. And if the fees are added to the outstanding balance, any related interest to also be refunded

My final decision

For the reasons above, I've decided to uphold this complaint in part. I now direct Santander UK Plc to put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 25 August 2023.

Ketan Nagla
Ombudsman