

## The complaint

Mr C has complained about Santander UK Plc's decision to close down his basic bank account.

## What happened

I have previously issued a provisional decision regarding this complaint. The following represents excerpts from my provisional decision, outlining the background to this complaint and my provisional findings, and forms part of this final decision:

*"Mr C opened the basic bank account in March 2022. Around a week later Mr C told Santander that a sum of money had been withdrawn from his account by someone impersonating him. Santander's fraud team investigated the matter and concluded that Mr C had in fact withdrawn the money.*

*Over the course of several weeks, Mr C made a further five claims that someone other than him had withdrawn money from his account at ATMs. On each occasion the disputed funds were returned to the account whilst Santander investigated the matter, but these investigations also concluded that Mr C had withdrawn the cash. This resulted in the amounts then being debited from the account. In April 2022, whilst the disputed cash withdrawals were being investigated, Santander paid Mr C £20 as a goodwill gesture.*

*In June 2022 Santander wrote to Mr C to tell him that a banking decision had been made to close his account in 30 days. This was due to the number of transactions that Mr C had disputed but had been found by Santander not to be valid claims. There was an outstanding balance of £491.12, and Santander asked that Mr C make arrangements to clear this debt. It provided the names of organisations that it stated could offer free and independent advice to Mr C to assist him.*

*Santander stated that restrictions would be placed on the account so that credits could not be deposited directly in it. It also confirmed that if no arrangements to repay the debt were made, this would affect Mr C's credit file.*

*Mr C brought a complaint to this service. He explained that he has learning difficulties, and was unhappy about the way that Santander had treated him. Mr C considered his account had been closed for no reason, and said that he was unable to open an account with another bank because he couldn't provide the necessary identification documents. He explained that he'd opened a Post Office account, but that did not allow him to set up direct debits, and he needed that facility to pay for certain items such as his mobile phone contract.*

*Our adjudicator contacted Santander for further comments regarding the events that had occurred. Santander stated that it had taken into account Mr C's vulnerability. However its view was that, taking into account the results of its investigations regarding the disputed withdrawals, allowing the bank account to remain open presented a particular risk to it.*

*Santander said that if it were to allow the account to remain open, it would not be willing to allow Mr C to have any card facility, due to the previous disputed ATM claims which it had*

not upheld. It said withdrawals would need to be made via a local branch. It also stated that Mr C would need to clear the outstanding debt, which as at January 2023 was £431.19.

Mr C explained to the adjudicator that he needed a card to operate the account effectively, for example for payments in shops and for travel. Santander then agreed to offer a debit card with the account with a daily ATM withdrawal limit of £60. However it reiterated that for the account and card to become active again, Mr C would first need to clear the account debt.

Our adjudicator issued an assessment summarising his position. This confirmed Santander's offer to reopen the account and issue a debit card with a daily ATM limit of £60, subject to Mr C first clearing the accrued debt. The adjudicator said that if Mr C was experiencing financial difficulties clearing the debt, Santander should work with him in a positive and sympathetic way to help him repay this money, for example by setting up an affordable repayment plan. Were the account to reopen, the adjudicator relayed Santander's stance that if there was another disputed ATM claim that was not upheld in Mr C's favour, it would look to close the account again.

There followed correspondence between both parties and the adjudicator. Santander confirmed again that the account would remain restricted, and a card would not be issued for it, until the balance had been repaid in full. It said that its offer to reopen the account recognised Mr C's vulnerability, and it would work with him so that the debt could be cleared. Santander highlighted that the account had been in an unarranged overdraft since April 2022. It stated it had a duty of care to ensure the overdraft didn't increase further. The offer to reopen the account was an attempt to allow Mr C to use it again, but by insisting the debt was cleared first, it was limiting the risk to Santander.

The adjudicator's response was that Santander had a regulatory requirement to treat Mr C with forbearance regarding repaying the debt, and that putting an agreed repayment plan in place would do this. Therefore his view was that once such a plan was agreed, even though the debt would not yet have been repaid, the account should be reactivated and a card issued to Mr C.

Mr C asked that the debt be written off by Santander as he said that he couldn't repay it. The adjudicator's view was that he did not have sufficient reason to propose this.

In the absence of agreement between the parties, the case was referred for an ombudsman's review.

Since then, further submissions have been made. Santander highlighted that Mr C's benefits are not being paid into its account, and commented that he therefore has another account elsewhere. It also stated that Mr C had agreed to make two monthly payments, each of £29, and it said that continuing such payments would clear the arrears in 15 months. Santander's view is that Mr C has had the benefit of the arrears funds accrued on the account, and therefore now needs to clear them before being able to use the account again. If he stops paying £29 each month, the account could default.

### **What I've provisionally 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.

Since Mr C brought his complaint to us, Santander's stance has changed following discussions with the adjudicator. Initially Santander stated that it was closing the account. It

*is now willing to keep the account open, and allow a card to operate on it, but only if Mr C clears the accrued debt.*

*Further to this, Mr C was originally unhappy that Santander had declined his claims relating to disputed ATM transactions. But the complaint he brought to this service related only to the account closure. I therefore do not intend to consider further the outcome of Santander's investigations regarding the disputed ATM transactions. But I have taken those events into account when considering Santander's decision to serve notice to Mr C that it was planning to close his account, and its subsequent offer to reopen the account under certain conditions.*

*There are regulations applicable to how a basic bank account can be operated by a provider, and also to how a provider can close one of these accounts. Santander closed this account because of Mr C making multiple claims relating to disputed ATM transactions which Santander concluded were not valid. It stated that although it had taken account of Mr C's vulnerabilities, because of the nature of the disputed ATM claims, the risk of operating the account was an unreasonable one for Santander to take.*

*Looking at the regulations relating to the reasons why a provider is permitted to close an account, in my view the circumstances here did not allow Santander to serve Mr C notice of closure on his account. However, it is now the case that Santander has confirmed that the account can remain open if Mr C clears the outstanding balance. In light of Santander's change of stance in this matter, I will not consider further whether it acted fairly when initially saying the account would be closed.*

*What I must determine is whether Santander's current offer regarding the account is a fair one. A feature of basic bank accounts is that they do not have overdraft facilities. Here, Mr C has built up a significant overdraft. However, I am mindful that in part the overdraft occurred because of ATM withdrawals that Mr C initially disputed, resulting in the funds being returned to the account. When Santander concluded that the withdrawals were valid, it deducted these amounts from the account balance, increasing the overdraft. On balance, my view is that Santander was not at fault for the account going overdrawn.*

*Santander has stated that Mr C must repay the debt on the account before it will reactivate it and allow him to have a debit card. Mr C has asked for the debt to be written off. I appreciate this will come as a disappointment to Mr C, but my view is that Santander should not be required to write off this debt. As Santander has pointed out, Mr C has had the benefit of the money that has led to the overdraft. Although Mr C states that he cannot repay the debt, I do not consider I have sufficient reason to tell Santander to write this off, as this is an amount that is reasonably owed to the bank.*

*Our adjudicator's view was that Santander should reactivate the account and issue Mr C with a card once a repayment plan for the debt had been agreed. Santander has told us about an agreement with Mr C for him to repay £29 a month, but I do not know whether those payments are continuing. Santander has highlighted that its account is not receiving Mr C's benefits. As I understand it, these benefits represent all of Mr C's income.*

*Mr C told us during the course of this complaint that he had opened a Post Office account (and he explained the restrictions on this account that meant he also wanted the Santander account reopened). My understanding is that the Post Office account will have been arranged so that Mr C has a means to receive his benefits. On the basis that the Post Office account is receiving Mr C's benefits – which means he is receiving his expected income – my view is that it is reasonable of Santander to expect Mr C to clear his debt under its account before it becomes fully operational again.*

*I say this because in general, my view is that it is reasonable for a bank to require a consumer to clear a debt that has been accrued. That is also of relevance here, because a basic bank account does not have overdraft facilities. Mr C would appear to be receiving income (in another account) that could be used to clear the Santander debt. It is fair that the debt should be cleared in a way that is affordable to Mr C, and in a positive and sympathetic way, as confirmed by our adjudicator. But I can see that discussions have taken place between Mr C and Santander about the level of repayments that Mr C can afford, with a monthly amount of £29 being proposed.*

*I consider that it is in Mr C's interests to clear his debt to avoid detrimental credit references being recorded against him. I also consider that Santander has acted fairly in offering a debit card to Mr C, with a daily ATM withdrawal limit of £60, once his account is reactivated, bearing in mind the circumstances which led to the overdraft being accrued. At the same time, to limit its own risk, my view is that it is reasonable for Santander to require the overdraft to be cleared before the account becomes operational again and the card is issued to Mr C.*

*I can confirm that I have taken into account Mr C's vulnerabilities, and the circumstances which led to the debt accumulating. Having done so, my current view is that the offer made by Santander to reopen the account on condition that the debt is first repaid is a fair one."*

### **Responses to my provisional decision**

Mr C has reiterated that he remains unhappy that his account was closed, but in a recent conversation with Santander, it has told him the account will now remain open. However, he is disappointed that the daily ATM withdrawal limit will be £60. Mr C has asked that this instead be set at around £200 per day. That's because he says he is arranging for his benefits to be paid into the Santander account, and he needs access to this money.

Mr C reports that Santander has told him that the ATM limit will remain at £60, and that if he needs more cash he will need to visit a branch. He is unhappy with that suggestion because of the travel implications. He says he requires a higher ATM limit so that he can pay for bills, and also so that he can pay cash to his mother for food costs. In discussion with this service, our investigator asked if Mr C can pay his mother via online or mobile banking. He has responded that he is setting this up, but that his mother asks him to provide cash for the food bill. Ultimately Mr C wants the Santander account to remain open as he has just arranged for his benefits to be paid into it. He also says that he has just paid off the overdraft on his account, so it is now in credit.

In terms of my provisional findings, Mr C has said that he thinks Santander should first have reactivated his account and issued him with a new debit card, before he repaid the overdraft. In his earlier comments when responding to my provisional decision, Mr C said that he was concerned that if he repaid the overdraft before the account was fully reactivated, Santander might then close his account for good.

Santander stated that it had no further comments to make.

### **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 that Mr C was keen to see his account reactivated so that he could start using it again to pay his bills, and based on his comments, this has now happened after he repaid the account debt. He says that Santander are issuing him with a new debit card.

My understanding is that Mr C's main concern now relates to the daily ATM limit of £60 that is to be applicable to his new debit card. I have thought carefully about his request that this be increased, and about his comments that if he needs to get a higher amount of cash, this will cause him both additional time and expense travelling to a bank branch. Although I acknowledge Mr C's concerns, I am mindful of the circumstances that led to Santander initially closing the account, which followed Mr C questioning a number of disputed ATM cash withdrawals. Santander's investigation concluded that Mr C had in fact withdrawn these disputed amounts. In the circumstances, I consider it's reasonable that Santander is applying a daily limit of £60 to the new debit card attached to Mr C's account.

My provisional decision proposed that the account be reactivated once the overdraft was repaid, with a debit card then being issued to Mr C with a £60 daily ATM withdrawal limit. Taking into account the responses I have received to my provisional decision, I do not consider I have reason to change my opinion about how matters should be put right in this case.

I understand that this may not be the exact outcome that Mr C would have liked in this case. However, having considered all the evidence provided, my view is that this represents a fair and reasonable resolution to this complaint.

### **My final decision**

My final decision is that I require Santander UK Plc to reactivate Mr C's basic bank account once he has repaid the accrued overdraft.

When the overdraft has been repaid, Santander UK Plc must also issue Mr C with a debit card that has a daily ATM withdrawal limit of £60.

I make no other award.

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

John Swain  
**Ombudsman**