

## **The complaint**

Mr K complains that Santander UK Plc unfairly blocked his current account. As a result, he defaulted on some loan payments and he would like compensation for this.

Mr K is represented by Ms G

## **What happened**

Mr K had a current account and a credit card with Santander. On 23 February 2023 Santander carried out a review of his accounts. Santander blocked access to his accounts.

Mr K was allowed to access his wages by going into branch with photo identification. Mr K has said that some loan payments were due during the period the accounts were blocked and Mr K spent a long time phoning Santander and going into branch trying to find a way for his loans payments to be made. Mr K has told us that he missed loan payments and due to the defaults, his debts have been sold to debt collection agencies and his credit file has been adversely affected. Mr K has said the situation had a terrible effect on his family and on his own health and mental wellbeing. He almost lost his tenancy, and he was concerned that his family would be evicted.

Santander looked into the situation. They agreed that they had taken too long when they reviewed Mr K's accounts. They recognised that they had caused Mr K to default on some of his loans and he was charged interest and fees. They recognised they hadn't provided the best customer service to Mr K.

Santander have paid Mr K £1,799.12 to cover financial losses in the form of interest charges and fees and £1,000 in compensation. They have also written a letter that Mr K can send to his debtors saying Santander made an error.

Mr K came to our service. One of the investigators looked at the complaint. She thought Santander had acted fairly when they recognised, they had made an error. She thought that the compensation already paid was fair and in excess of what the service would recommend so she didn't ask Santander to pay anything more.

Mr K disagreed he thought the letter was too late because the debts had already been sold to debt collection agencies and the repercussions of this would be with him for 6 years.

As there was no agreement the matter has come 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.

Firstly, I'm aware that I've only summarised the complaint points. No discourtesy is intended by this. Our rules allow me to take this approach. It simply reflects the informal nature of our

service as a free alternative to the courts. I can assure Mr K and Ms G I have carefully considered their points about the impact Santander's review has had on them.

Santander blocked Mr K's account and carried out a review. This appears to have been prompted by unusual activity on Mr K's account which required further information from Mr K. I can see Santander attempted to contact Mr K to query the activity. As no response was received the account was blocked on 24 February 2023.

As a UK financial business, Santander is strictly regulated and must take certain actions in order to meet its legal and regulatory obligations. It's also required to carry out ongoing monitoring of an existing business relationship. That sometimes means Santander needs to restrict, or in some cases go as far as closing, customers' accounts.

Mr K's account terms and conditions also allow Santander to block the account to ensure it's able to comply with its regulatory requirements. Santander has explained and given me information to show why it reviewed Mr K's account and blocked it. Having carefully considered this, I'm satisfied Santander took these actions in line with the obligations it must adhere to.

Given the severity and impact an account block can have, there is a general expectation that any review is carried out as efficiently as possible to minimise any disruption. Santander accepts that it took too long to review and unblock Mr K's account. I can see the block was removed on 4 April 2023, which means Mr K was unable to access his account for five weeks. During this period, I can see Mr K and Ms G contacted Santander several times due to the impact the block was having on Mr K. The lack of contact and clear explanation about the review inevitably caused significant distress and inconvenience to Mr K.

Santander has offered £1,000 in recognition of the impact its delays had on Mr K. I've thought carefully about this offer in light of Mr K and Ms G's comments about his personal circumstances and the challenges he faced at the time. Reaching an award for distress and inconvenience is seldom straightforward. The issues involved are subjective by their very nature and the impact on the consumer can be difficult to determine. I can see Mr K feels the £1,000 recommended is inadequate, but our awards are not intended to be punitive for businesses. Based on Ms G's submissions I can see Mr K's circumstances were particularly challenging at the time of the block. When considering the compensation amount, I've balanced this against Santander's reasons for blocking and reviewing the account, which were reasonable. Any account block will result in an element of inconvenience, but in Mr K's his financial situation meant the impact was more severe. An award in the region of £1,000 is at the upper end of our scale for awards for distress and inconvenience and I am satisfied it adequately reflects the impact on Mr K.

Ms G says the initial distress and inconvenience payment made into Mr K's account wasn't appropriate given Santander was aware of his mental state and the funds were used by Mr K straight away. I understand Ms G had explained to Santander that Mr K was struggling again as the situation had caused him a huge amount of stress. However, I can't see that Ms G had asked for payments into the account to be restricted or limited in any way due to Mr K's mental health. The compensation due was for Mr K and I think Santander made the payment immediately to try and alleviate the financial strain Mr K was under. Given the information it had I think this was a reasonable step for Santander to take.

Alongside the distress and inconvenience compensation Santander also covered the initial interest and charges on loan payments that were missed during the five-week review. This totals £1,799.12. I understand Ms G has provided further details of the charges Mr K has gone on to incur but based on the information I've seen I think Santander's offer to cover this initial amount is reasonable and reflects the immediate impact its delay had on Mr K.

Ms G has reiterated the long-term impact missing repayments for loans has had on Mr K. In order to assist Santander has provided a letter for Mr K to provide to the relevant lenders about the block on the account. Ms G says not all the relevant lenders have accepted these, and debts have escalated. Ms G says any repayment plan for the debts will affect Mr K's credit rating. I understand Ms G says Santander needs to do more, but in the circumstances I'm unable to see what further steps Santander could take to alleviate matters for Mr K. Ultimately it is for each individual lender to decide what information it will consider when managing repayments and any late payments. I would encourage Mr K and Ms G to raise this issue with individual lenders, especially if Mr K has historically managed his payments well.

Ms G says she understands our aim is to place consumer's back in the position they would've been in had an error by a business not occurred. Our approach to complaints is to do this has much as the circumstances allow. It is not always possible to do this, and each complaint is assessed on its own merits and facts. In Mr K's case Santander have taken the steps this service would recommend. Although this may not go far enough for Mr K, I'm satisfied the compensation and assistance offered is fair given the circumstances.

I know this will not be the outcome Mr K and Ms G were hoping for and they will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking Santander to take any further action.

### **My final decision**

Santander UK Plc has already paid fair compensation in the circumstances of this complaint. I make no further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 18 October 2024.

Chandni Green  
**Ombudsman**