

The complaint

Mr S has complained that Santander UK Plc (“Santander”) froze and then closed his accounts.

Mr S is unhappy that Santander closed his accounts even though he provided the information it had requested.

What happened

In December 2022, Santander asked Mr S to provide proof of his address. Mr S explained that, as he lives overseas, he was unable to access the requested information until he returned to his overseas address in March 2023.

As it still did not have the information it needed, Santander sent Mr S a letter on 28 April 2023 to say that it would be closing his accounts on 28 June 2023.

Mr S explained that he would provide the requested information upon his return to the UK in July 2023. On 11 July 2023, Mr S attended branch with proof of his address. Unfortunately, as the documentation provided was not in English, Santander did not accept the document that Mr S had provided, and the accounts were subsequently closed on 3 August 2023.

Santander issued final response letters to Mr S’s complaints in April, May and July 2023.

The April letter addressed Mr S’s concerns about the tone of the letter asking him to provide his proof of address. It explained that Santander was required to tell Mr S what would happen if he didn’t provide the requested information.

The May letter explained that an extension can’t be provided to Mr S but said that if he can provide the requested information in August 2023, Santander could consider reopening his accounts.

The July letter addressed Mr S’s concerns about attempting to make a payment from his accounts after he provided his proof of address on 11 July 2023. Santander said that as the blocks on his accounts had been correctly applied, it said it had not made an error when Mr S’s attempted payment was unsuccessful.

One of our investigators assessed the complaint. She concluded that Santander was able to close the accounts in the way that it did, as it was in line with the terms and conditions of the accounts.

The investigator did think that Santander should’ve made it clear to Mr S that the document needed to be in English, for it to be accepted. So recommended that Santander pay Mr S £100 compensation. However, she concluded that as Mr S could’ve sent the documents by some other means (other than attending branch) and given that the closure of the accounts was eventually delayed until August 2023, she didn’t think it was unfair that Santander closed the accounts when it did.

Mr S responded and did not agree with the investigator’s assessment.

Santander responded to the investigator’s assessment and agreed that it should’ve made it clear to Mr S from the outset that the documents he needed to provide needed to be in English. So, Santander said it was willing to pay more compensation than the investigator recommended – a total of £250 compensation.

The investigator put Santander's offer to Mr S. But as Mr S didn't respond, the complaint was referred for an ombudsman's decision.

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.

Mr S's complaint is largely that he is dissatisfied with Santander's requests for information.

It is the case that Santander, like all UK banks and building societies, has important legal and regulatory obligations it must meet when providing accounts to customers. These obligations are ongoing, so do not only apply to when an account is opened. To comply with its obligations, Santander may need to review an account and/or restrict its customer's access to their accounts. The bank is also entitled to ask for evidence about a consumer's circumstances – such as proof of income, address and identity.

The information Santander was asking Mr S to provide is standard information that banks, and other financial businesses, are required to have in order to adhere to the Know Your Customer (KYC) responsibilities (also known as Customer Due Diligence or CDD), as set out by the regulator - the Financial Conduct Authority. In this case, Santander asked Mr S to provide evidence of his address. This seems like a reasonable request, especially as Mr S seems to live overseas, occasionally returning to the UK at different times of the year.

Santander asked Mr S for proof of address in December 2022. Unfortunately, Mr S did not have access to this information, as it was stored at his overseas address - which he was not due to visit until March 2023. So, in the circumstances, it is understandable why Mr S was unable to comply with Santander's request in December 2022.

Due to Mr S being unable to provide the necessary information, Santander froze Mr S's accounts on 27 January 2023 – with this being 28 days since it first requested the information from him. Although Mr S said he was unable to provide the necessary information, I can't say that Santander was being unreasonable by freezing his accounts. I say this because firstly, Santander had reasonable grounds in which to ask for the information that it had requested from Mr S. And secondly, Mr S was able to transfer a large amount of money out of the account, before it was frozen. So fortunately, Mr S was not overly impacted by the accounts being frozen, because he still had access to the funds that'd been held in his account.

To unfreeze the accounts, Mr S needed to provide the requested information. But when Mr S returned to his overseas address in March 2023, he didn't arrange for the relevant paperwork to be sent to Santander. Mr S has explained that he doesn't use email, so I recognise that was not a viable option for him to send the documentation. But I've not seen any reason why Mr S could not have sent documentation by post, rather than wait until he had returned to the UK to provide the documentation in person, in branch.

I understand that Mr S was in contact with Santander in April and May 2023, asking for it to delay the closure of his accounts. This was to give him more time to visit a branch once he'd returned to the UK - which he did in July 2023. Santander responded and said it was unable to extend the deadline before the accounts were closed, although it subsequently did delay closing it until August 2023. In my view, Santander was not being unreasonable by not agreeing (at least initially) to delay the closure of the accounts, when Mr S could've posted the documents to Santander whilst he was overseas, to prevent his accounts from being closed.

As a result of still not having the requested documentation, Santander issued a letter to Mr S on 28 April 2023, saying that it would be closing his accounts on 28 June 2023.

Looking at the terms and conditions of the accounts, it does allow Santander to close an account, provided that two months' notice is given to the account holder. And in the circumstances, as Santander was unable to comply with its KYC requirements as Mr S had still not provided the requested documents, Santander decided to close Mr S's accounts with two months' notice.

I can't say that Santander's decision to close the accounts was unfair or unreasonable, given how much time Santander had given Mr S to provide the requested documentation. I also note that Santander did say in its July 2023 letter, that Mr S could provide the requested documents after the stated account closure date, and it would consider whether the accounts could be reopened – although it said no guarantees could be given. In my view, this was not unreasonable, as by the 28 April 2023, Mr S had been given plenty of time (since December 2022) in which to post the necessary documentation to Santander.

Mr S was eventually able to attend a Santander branch on 11 July 2023. However, when he provided the documentation, Santander said it could not accept it, as it was not in English.

I have to say that I'm surprised that it was only when Mr S provided the information in July 2023 was it made clear to him that it needed to be in English. Afterall, Santander had been made aware by Mr S that the reason why he could not provide the necessary information in the first place was because it was stored at his overseas address. Had things gone as they should've, Santander should've made it clear from the outset – or at least when Mr S initially explained why he couldn't obtain the documentation - that the documentation needed to be in English to meet its requirements.

Due to this oversight, the investigator recommended that Santander pay £100 compensation to Mr S. And Santander agreed to increase this award to £250.

In my view, Santander's offer is reasonable. I say this because I think it fairly reflects the inconvenience Mr S went to, to provide the requested information – which I recognise was not easy given that he lives overseas. I also think it fairly reflects the distress he no doubt experienced, when he was told after all that time, that what he provided was not in fact good enough for Santander's purposes. However, as I can't see that Mr S did provide further documentation (in English) proving his address, I don't think that Santander is obliged to reopen the accounts.

After Mr S provided the documentation in July 2023, I understand that he went to make a payment from his account, but it was blocked. Although I recognise that this would've been highly frustrating for Mr S, given that by that stage his accounts were due to close as Santander could not meet its KYC requirements, I can't say that it was being unreasonable that it froze his accounts. Because of this, although Mr S no doubt experienced inconvenience because of this, I can't say that Santander did anything wrong. And so I don't think it would be appropriate to award compensation for this aspect of this complaint.

Finally, when Mr S disagreed with the investigator's assessment, he asked what the status of his accounts were. To confirm, Santander closed Mr S's accounts on 3 August 2023 and sent him a cheque for the balances of the accounts. If Mr S did not receive these cheques, he will need to get in contact with Santander to get them reissued.

Putting things right

To put matters right, I agree that Santander UK PLC should pay Mr S £250 compensation for the distress and inconvenience caused to him by this matter.

My final decision

Because of the reasons given above, I uphold this complaint in part 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 14 March 2024.

Thomas White
Ombudsman