

## The complaint

Mr S complains Santander UK Plc ('Santander') froze and then closed his current account and investment account. He's also unhappy about the time Santander took to give him the funds from the accounts.

## What happened

Mr S had a current account and an investment account provided by Santander. He also had a credit card provided by Santander but his concerns about that were dealt with in a separate complaint so I make no comment about that here.

In November 2022 Mr S decided to use Santander's private banking service and investment service. He said he wanted to use the private banking service at least in part because of his unique working situation, because he needed to explain the source of his funds. He said he had numerous meetings and other exchanges with his private banking manager at Santander. And on 6 January 2023 he provided written information to Santander explaining the source of his funds in recent years.

Santander subsequently froze and then closed Mr S's accounts and attempted to return his money to him. Below I've summarised the relevant events and the associated communications that I've seen.

On 26 January 2023 Santander froze Mr S's access to his accounts.

On 27 January 2023 Mr S had a phone call with his private bank manager to discuss questions the manager said had arisen from the information Mr S had provided about his activities. Mr S later said the manager seemed unaware that Santander had frozen Mr S's account. Mr S later wrote:

*'I asked [the manager] how likely it was that my account setup would be completed. He assured me that whilst my finances were complex, the bank was open to my work and providing banking services for me'.*

On 27 January 2023 Mr S complained to Santander that he'd lost access to his accounts. He said he thought Santander had frozen his account without taking into account the information he'd provided to his private banking manager to explain his work. He said if Santander gave him the chance he could alleviate any concerns it had about his funds. He said he'd been penalised because one part of the bank didn't seem to communicate with the other.

Santander replied to Mr S's complaint the same day. It didn't uphold the complaint. It said it hadn't made an error. It said Santander was unable to process any transactions for Mr S, and it couldn't provide any explanation.

On 6 February 2023, after 5pm, Santander received a request to exit Mr S. It processed the request on 7 February 2023. As part of that it began the process of liquidating the investments in Mr S's investment account.

On 8 February 2023 Santander wrote to Mr S saying it had closed his account that day. It said under the terms and conditions of the account it could withdraw banking facilities at any time and, in line with policy, it didn't give further information about how it'd made its decision. It enclosed a cheque for nearly £38,000 to settle the balance from Mr S's current account.

On 13 February 2023 Mr S referred his complaint to this service.

On 17 February 2023 Santander recorded issuing a cheque for the proceeds of Mr S's investment account.

On 22 February 2023 Santander told this service Mr S's complaint was currently with its escalation team.

On 23 February 2023 Mr S wrote to Santander complaining about its decision to close his current account which it had communicated to him on 8 February 2023. He said he understood Santander had discretion to close his account. But he felt Santander had misled him by suggesting it was prepared to conduct the necessary due diligence on his account and his source of funds. He wanted Santander to restore his account. And he said:

*'If on the other hand, Santander is unwilling to review this decision, I require some additional documentation from my 13-year banking history inc. bank statements and investment statements from my investment accounts. I am further unable to accept the cheque sent to me in the letter dated 08/02/2023 and have returned this to you. As of 23/02/2023, I have not received any monies or information pertinent to my investment account.'*

Mr S sent his letter of 23 February 2023 by recorded post. Santander signed for it on 1 March 2023.

Also on 23 February 2023 Santander wrote to Mr S. It thanked him for writing about his previous complaint. It said it had already told him it had reviewed the complaint again on 3 February 2023 and its decision remained unchanged.

On the morning of 23 March 2023 Mr S spoke to Santander by phone. Santander recorded the following note:

*'Customer got the Current account cheque but said his bank don't accept cheques so he sent it back. probed around bank account not accepting cheque customer wouldn't confirm who provided the account or what type of account it was for me to check online. Customer then admitted that he wasn't sure if his bank actually accept cheques but he personally didn't agree to get his balance by cheque so he won't accept it and sent it back. Asked if we have received the cheque back which I advised we cannot confirm and would have to treat it as lost and send a new cheque.'*

*Customer added that we had sent letter to his incorrect address. Asked customer to confirm his current address and customer refused to confirm his address as he said we should have the correct address. Customer continued to argue until telling me to shut up at which point I terminated the call.'*

On the afternoon of 23 March 2023 Mr S spoke to this service by phone. In summary he said the following:

- Santander had sent him a letter saying it had closed his current account and enclosed a cheque with the balance of that account.

- Santander also sent a letter to a previous address of his saying it had closed his credit card account.
- Santander had told him verbally that it had issued a cheque for the proceeds of his investment account. Mr S had told Santander at the time that he hadn't received it. And he still to this day hadn't received it. He was concerned about that because he had tax liabilities in connection with the sale of the investments and he needed to know what Santander had done.
- Mr S had sent a letter on 23 February 2023 asking it to review the decision and providing more context. He also returned the cheque from his current account and said he couldn't use the cheque.
- Mr S said his reasons for not wanting to accept a cheque were that he didn't have an account in which he could deposit a cheque of the amount concerned and he was concerned that if the cheque was made out by Santander that might cause him problems with another bank by flagging that Santander had closed his account.
- Mr S said it would've benefited him if Santander had given him a period of time to transfer his investment assets rather than sell them for him and send him the proceeds. He said then he wouldn't have had to be out of the market for any time.

Also on 23 March 2023 Santander wrote to Mr S. It said, amongst other things, that Santander had the right to send his funds to him by cheque and it couldn't pay any other way. It said that because Mr S said he'd returned the original cheque for his current account balance Santander had that day requested the cheque be stopped and a new cheque be issued.

Santander raised a new cheque on 29 March and issued it on 31 March 2023.

On 6 April 2023 Santander called Mr S about his credit card. During the call they also discussed his current account and investment account. Amongst other things Santander said it wouldn't be responding to his further letter about his complaint because Santander had already responded to the complaint. Santander said Mr S's letter of 23 February 2023 was linked on the system to his close complaint, but no action had been taken in relation to the letter because the complaint was closed.

Mr S told this service (in a call on 16 June 2023) he provided his bank account details to Santander by phone on 25 April 2023. He told us the name of the person he'd spoken to. He said he'd provided his bank account details in respect of the funds from both his current account and his investment account.

On 23 May 2023 Santander told this service if Mr S provided bank account details it would arrange to cancel the cheque it had issued and transfer the balance of his current account to him. It also told this service that Mr S hadn't requested to receive the proceeds of his investment account by cheque. It also said investment accounts can take up to 90 days to be finalised due to the nature of the products involved.

On 7 August 2023 Mr S told this service he'd received the funds from his Santander accounts.

One of our Investigators looked into Mr S's complaint. She thought the complaint should be upheld. In summary, she said the following:

- Santander was entitled to review Mr S's accounts without notice or explanation, and

to suspend his accounts while it did so. And Santander completed its review in a reasonable timeframe.

- In closing Mr S's account Santander acted in line with its terms and conditions. Banks have the right to decide who they offer services to. And Santander wasn't obligated to provide further explanation or information about that.
- But it was understandable Mr S felt misled because correspondence with his private banking manager at Santander showed the account manager was unaware of the suspension and gave the impression Santander would be able to give Mr S banking facilities into the future.
- Santander hadn't provided any evidence showing it had raised cheques for Mr S's investment proceeds, or where it had sent the cheques. It seemed unusual for two cheques to go missing in the post.
- Mr S repeatedly told Santander he wanted to receive his investment proceeds by bank transfer rather than cheque.
- Santander hadn't explained why it ignored Mr S's letter (which it received on 1 March 2023) with which he returned the cheque for his current account funds.
- The investigator accepted it was Santander's usual process to release funds via cheque. But Mr S returned the cheque and asked Santander to make a bank transfer. This wasn't an unreasonable request and Santander should've obliged.
- Santander also failed to provide copies of the bank and investment statements Mr S requested. And it hadn't given any reason for that.
- The impact on Mr S was that he was without his funds for a significant time and he experienced poor service. He suffered distress and inconvenience by being unable to invest his funds elsewhere while he waited for Santander to give him the funds.
- Santander accepted it had caused delay and offered £100. This wasn't sufficient.
- As of 25 April 2023 Santander had Mr S's bank details and knew he didn't want cheques. Allowing Santander 3-5 working days to review Mr S's letter and cancel or stop the cheques, and taking into account the bank holiday, it was reasonable to say the transfer of funds for both accounts should've been completed by no later than 3 May 2023. So Santander should pay 8% simple interest on the funds held unnecessarily from 3 May 2023 to the dates they were released.
- Santander should also pay £250 compensation for distress and inconvenience for providing misleading information on 27 January 2023, generally poor service, delays, and leaving Mr S unable to reinvest funds for a time.
- It wasn't clear Mr S would've invested the proceeds of his investment account elsewhere during the relevant time so the investigator thought a simple interest award for those funds was fair to put right the fact Mr S was deprived of the funds for a time.

Santander said it accepted the investigator's recommendation.

Mr S agreed with the investigator's findings except he said the date of 3 May 2023 was wrong. He said that from 8 February 2023 Santander had said it wouldn't pay by any method

other than cheque. And he'd had no opportunity to provide bank details because Santander refused to pay by bank transfer. He thought Santander's liability should begin on 16 February 2023, which he said was when he first told Santander he couldn't accept a cheque.

Mr S also said Santander had said it didn't have an exit fee for investments, but that was disingenuous. He said Santander's sell price was different from its buy price and so Santander had profited from this situation at Mr S's expense.

In summary the investigator said the following:

- Mr S had an opportunity to include his bank details in his letter with the returned cheque. Had he done so, the investigator might say Santander should've reviewed the letter within two weeks, cancelled the cheque, and issued the payment for Mr S's current account balance sooner.
- Because Mr S hadn't provided bank details, the investigator could only say Santander should've contacted him within two weeks of receiving his letter (on 1 March 2023) to request details. In recommending compensation for poor service and delay the investigator had taken into account that Santander didn't do that.
- Regarding the cheque for the proceeds from his investment account the investigator listened to a call recording in which Santander told Mr S it had re-issued a cheque for the proceeds of Mr S's investment account. Mr S didn't ask Santander to cancel the cheque and send these funds by bank transfer instead.
- Regarding the investment account, because it was fair for Santander to close the account, it followed that the investments had to be sold. The investigator wouldn't consider the difference between buy and sell prices to be an exit fee. And the investigator hadn't seen evidence that Santander charged an exit fee.

Mr S told this service he'd received information from Santander under a data subject access request. He said he'd send any further evidence that might be relevant, once he'd reviewed the information. He didn't send anything further.

Because no agreement could be reached, the complaint was passed to me to review afresh and make a decision.

Before making a final decision I issued a provisional decision on Mr S's complaint. I said I'd provisionally reached the same conclusions as our investigator except that I was minded to say that – to put things right – the interest Santander must pay must start from a date earlier than the one recommended by our investigator. Mr S agreed with my provisional decision. Santander didn't provide a response.

### **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'm upholding the complaint. I'll explain why.

Both Mr S and Santander accepted the investigator's findings. This included that Santander delayed providing the funds from Mr S's current account and investment account to him and it wasn't reasonable for Santander to refuse to send the funds by bank transfer. And it included that Santander had misled Mr S by giving him the impression in January 2023 that it would provide him with banking services into the future.

Santander accepted the investigator's recommendation to put things right which included an interest payment and £250 for the distress and inconvenience caused by its service failures. Mr S said the interest Santander pays should apply from 16 February 2023 rather than 3 May 2023. So in my decision I've focused on what Santander must do to put things right, and in particular the period for which Santander should pay interest to compensate for unfairly depriving Mr S of his funds.

The date from which the interest payable should accrue is the date from which Santander ought to have made a transfer to pay Mr S the proceeds of his accounts. While I agree with our investigator's conclusions about what happened, I've found that to put things right Santander needs to pay interest from an earlier date.

I agree with our investigator that it's reasonable to have expected Santander to contact Mr S within two weeks after receiving (on 1 March 2023) the letter with which he returned the first cheque Santander had sent him. But I also think that if Santander had done that then it would've had Mr S's bank account details by 15 March 2023. And it would be reasonable to expect Santander to act on those details and make payment within 3-5 working days. So I think, to be fair, Santander should've made the transfer by 22 March 2023.

Further, I think that if Santander had contacted Mr S in response to the returned cheque then it would've learned from him that he also couldn't accept a cheque for the proceeds of his investment account. And so I think it would've been reasonable to expect Santander to also send the proceeds of the investment account by 22 March 2023.

So taking everything into account I've concluded that 22 March 2023 is the date from which Santander should pay interest on the funds from Mr S's current account and his investment account.

I've also considered what Mr S said about exit fees on his investment account. But I agree with what the investigator said about that. Mr S said the spread of prices would've allowed Santander to profit from selling his investments. Whether or not that was the case, Santander was entitled to suspend and close his account and to sell his investments in the circumstances. Even if Mr S lost an amount of money in transaction costs, that wouldn't be the result of any failing or unfairness on the part of Santander.

The fact Mr S's funds were uninvested for a period of time is addressed by the interest Santander will pay on them for the duration of the delay returning the funds. Any further period of un-investment is not due to any failing or unfairness on the part of Santander.

Overall, I'm satisfied the payment of £250 for distress and inconvenience is reasonable and in line with what this service would award in the circumstances of this complaint. And neither party has disagreed with that amount. And I think Santander should pay interest on the funds it delayed returning to Mr S, starting from the date on which I think Santander would've made the transfer if it hadn't made any errors on this case.

### **Putting things right**

To put things right for Mr S, Santander UK Plc must do the following:

1. Pay Mr S £250 for distress and inconvenience caused by its service failings.
2. Pay Mr S 8% simple interest on the funds it held from his current account, covering the period from 22 March 2023 to the date the funds were released.
3. Pay Mr S 8% simple interest on the funds it held from his investment account,

covering the period from 22 March 2023 to the date the funds were released.

If Santander considers it's required by HM Revenue & Customs to deduct tax from that interest, it should tell Mr S how much it's taken off. It should also give Mr S a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons I've set out above, my final decision is that I'm upholding this complaint.

Santander UK Plc must calculate and pay the amounts set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 November 2024.

Lucinda Puls  
**Ombudsman**