

The complaint

Mr and Mrs B have complained that Santander UK Plc “Santander” closed their account whilst they were abroad without any warning.

Mr and Mrs B say this put them in an extremely difficult and stressful situation.

What happened

Whilst Mr and Mrs B were abroad, they realised that they could not access money in their accounts. Mr and Mrs B say this caused them difficulties paying the hotel due to issues with their bank. They say that Mr B was arrested, their passports were confiscated by the police and their baggage retained by the hotel.

Mr and Mrs B say this led to them sleeping rough, and Mrs B subsequently was admitted to hospital due to the stress caused by their situation.

Mr and Mrs B were eventually able to get money from friends and family.

Mr and Mrs B complained to Santander about its decision to close their account without notice and the impact it had on them.

Santander responded to the complaint and explained that it had taken the decision to close Mr and Mrs B’s account as it had requested Mrs B provide information to meet its Know Your Customer (KYC) requirements, but never received the requested information. However, it paid Mr and Mrs B £250 compensation, due to the delay in transferring the balance of the closed account to Mr and Mrs B’s newly opened account.

After Mr and Mrs B referred their complaint to this service, one of our investigators assessed the complaint, but they didn’t uphold the complaint. They concluded that Santander had written to Mr and Mrs B a number of times, and due to not receiving the information that had been requested, it sent a letter informing Mr and Mrs B that the account would be closed in 60 days - which it duly was.

Mr and Mrs B disagreed with the investigators assessment, so the matter 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.

Having reviewed everything, I don’t uphold this complaint, broadly for the same reasons that the investigator gave. I will explain why.

Information being requested

Having looked at all the evidence, I don’t believe it was unreasonable in the circumstances for Santander to ask Mr and Mrs B for the requested information.

The information Santander was asking Mrs B to provide is fairly 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. So, I can't say Santander treated Mr and Mrs B unfairly when it asked (or at least attempted to ask) Mrs B to provide the said information.

Mr and Mrs B say they never received any letters from Santander – either asking Mrs B to provide more information or informing them that their account would be closed.

However, Santander has provided evidence to show that it sent letters on 3 March 2023 and 20 March 2023, asking Mrs B to get in contact as it still needed information from her.

Account closure

It's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep customer or require it to compensate a customer who has had their account closed. As long as they reach their decisions about that in a legitimate manner, this service won't usually intervene.

In this case, Santander decided to close Mr and Mrs B's account because it had not been able to obtain the necessary information it needed to complete its KYC checks. In the circumstances, I'm satisfied that Santander had reasonable grounds in which to close Mr and Mrs B's account.

When closing accounts, banks should however, give reasonable notice. Usually, that means 60 days' notice, but it can be less – depending on the circumstances. In this case Santander wrote to Mr and Mrs B on 4 April 2023 explaining that it would be closing their account on 5 June 2023.

Having looked at all the evidence, including the terms of the accounts, and relevant regulations, in my view that was reasonable. And the letter looks to have been correctly addressed. So, I can't reasonably say that Santander has treated Mr and Mrs B unfairly when it was going through its account closure process. Afterall, Mr and Mrs B had been provided with a reasonable amount of time in which to provide the information and then provided with more time in which to make alternative banking arrangements, after they'd been told the account would be closed.

I have read through everything that Mr and Mrs B have said. It's clear that the closure of their account led to them experiencing pretty traumatic circumstances whilst they were abroad. However, I would only be able to instruct Santander to pay compensation to Mr and Mrs B if I thought that it had done something wrong or acted unfairly or unreasonably towards Mr and Mrs B, surrounding the closure of the account. But I can't say that it has. On the contrary, Santander has provided evidence to show that it had repeatedly written to Mr and Mrs B (and tried to call them too) since March 2023 - to request information. And when it became clear that it was not going to receive that information, Santander then wrote to them and gave Mr and Mrs B 60 days' notice, before the account was eventually closed.

As such, it's clear that the timing of the account closure was highly unfortunate for Mr and Mrs B. But the account closure was ultimately caused by Santander not receiving the necessary information, rather than because Santander had made an error. Therefore, whilst I'm sorry to hear about their circumstances, I can't reasonably say that Santander should pay them compensation for the distress and inconvenience that they experienced.

I note that once Mr B was able to provide his new account details on 19 July 2023, it took a few days for the transfer of the balance of the closed account to be paid to them. Santander

says that the instruction to transfer the money was initiated on 25 July 2023. Santander did acknowledge this delay and paid Mr and Mrs B £250 compensation.

Mr and Mrs B say that amount of compensation is derisory. However, although I understand why Mr and Mrs B have said this, I should stress that this compensation was only awarded to reflect the delay in transferring Mr and Mrs B's funds, and not for the distress and inconvenience Mr and Mrs B experienced when they discovered their account had been closed. And when weighing everything up, I think this award is fair for the delay that they experienced.

So in summary, whilst I'm sorry to hear about Mr and Mrs B's circumstances, I think that Santander took reasonable steps over a period of around four months to request that Mrs B provide the information it needed for its KYC requirements. And it also gave reasonable notice before the account was eventually closed. I also think that the compensation that Santander paid for the delay in transferring the funds from the closed account to Mr and Mrs B's new account fairly reflected the impact the delay had on them.

My final decision

Because of the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 6 May 2024.

Thomas White
Ombudsman