

## **The complaint**

A company which I'll call 'Y' complains that Santander UK Plc caused unreasonable delays when opening a new account.

The complaint is brought on Y's behalf by one of their directors, Mr S.

## **What happened**

Y is part of a group of companies which each held individual business accounts with Santander.

Mr S told us:

- He had a meeting with Santander around the end of March 2023 to discuss making investments for four companies within the group, which would be around £800,000 in total.
- The investment vehicles were agreed and the account opening documents for each of the companies were returned to Santander within fourteen days.
- The plan for Y was to invest £450,000 in a fixed term deposit account and £50,000 in an instant access account.
- It took Santander around sixteen weeks to open the last of the four accounts which was unreasonable as the companies already held accounts with the bank.
- Y lost a significant amount of interest as a result of the investment account not being opened as expected.
- Santander had offered £400 for the inconvenience caused, but this wasn't enough, and the bank should refund the interest which had been lost.

Santander told us:

- Mr S contacted it on 24 March about opening an account for Y and each of the other companies. A meeting was held with Y's Relationship Manager ('RM') on 29 March.
- The application form was received from Y on 6 April, and as per its process, the application was reviewed by the relationship team and the requested accounts were opened and passed to the compliance team to review on 28 April.
- The accounts were reviewed by the compliance team in line with its 'Know Your Customer' ('KYC') process, and they were available to Y to use from 31 May. However, Y didn't credit any funds to the account until 10 August.
- There isn't an agreed timescale for it to open new accounts as this varies depending

on the customer and checks that need to take place. Nor is there any guarantee that an account will be opened. However, broadly the bank will look to open accounts and complete its KYC checks within ninety days.

- There was a delay in the companies' accounts being opened due to the number of new account applications being received by the bank and reviewed by the compliance team. So, it had apologised and offered £400 in total to the companies - £50 of which was to Y for the inconvenience caused.

Our investigator didn't recommend the complaint be upheld. He said that Santander had legal and regulatory obligations it had to meet, and the checks it needed to undertake could take some time. He said that Santander had timescales to open accounts, and Y's account had been opened within this period, so the bank hadn't done anything wrong. He also said that Mr S told our service that £450,000 was due to be invested in Y, and therefore this deposit could have been placed from 31 May 2023. He acknowledged that Santander said its checks took longer than it ideally would've liked due to the application numbers, but he thought that Santander's offer of £50 compensation was fair.

Y didn't agree and asked for an ombudsman to review their complaint. They said that the investigators opinion was biased towards Santander and that they couldn't have known how long it would take to open an account. They felt that Santander already had most of the information it needed as they already had accounts with the bank – so it simply had to transfer it. Y also said they'd been fobbed off by Santander and had evidence they'd been told to wait for all the accounts to be opened before making the transfers.

### **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 acknowledge Mr S feels strongly about what's happened, but I'm sorry to disappoint him as there's not much more that I can add to what our investigator has already said. I recognise Mr S found the time it took for Santander to open a new account frustrating as Y already had an account with the bank. However, the bank has legal and regulatory obligations to ensure that it has sufficient knowledge of its customers. Even if a customer has had a relationship with the bank for many years (as Y has) and the companies within the group have the same directors and shareholders, Santander needs to check that the information it holds for each of its customer is correct. This can, at times, include requests for information or checks that account holders may not deem necessary. However, it is a commercial decision that Santander is able to make on what it needs and what checks it chooses to take to comply with its obligations.

Mr S says that Santander behaved poorly because it didn't provide him with any meaningful updates. However, I don't think it's unreasonable that Santander's call agents couldn't give Mr S any more information about Y's applications – other than checks were still ongoing - because that was the factual position at that time. And, as our investigator has already said, Santander has told us that it doesn't have any timescales for these checks to take place, so the call handlers wouldn't have been able to provide anything further.

Mr S told us that the intention was to place the largest deposit (£450,000) in Y's account, (along with a further £50,000 in an instant access account), and that Santander caused Y a loss of interest because it advised the company not to transfer any funds to the account until the four different company accounts were all opened. But Mr S hasn't provided any evidence to show that's the case. However, I have seen evidence from the bank which shows that it asked Y from mid-June onwards, when they would be placing a deposit into the account. So,

I'm not persuaded Santander said that Y should wait until all the different companies accounts were opened before transferring any funds.

I can see that Y's accounts were opened by the end of May 2023, so I'm satisfied that Y could've made their deposit from this point - even if the other accounts weren't yet opened – and started earning interest on the largest balance. But they chose not to do so. I can't fairly hold Santander responsible for the decision of Y's directors not to place funds in the interest-bearing account when they had the option to do so.

I'm sorry to disappoint Mr S, but whilst I acknowledge he feels Santander could've opened the group of company accounts sooner, I'm satisfied that Y's account was opened in a reasonable timescale. Therefore, I think the bank's offer of £50 compensation is fair.

### **My final decision**

Santander UK Plc has already made an offer to pay Y £50 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that Santander UK Plc should pay £50.

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

Jenny Lomax  
**Ombudsman**