

The complaint

Mr A complains on behalf of Mrs G that Santander UK Plc unfairly blocked access to her current account after she made an application for a credit card.

What happened

Mrs G opened a current account with Santander in September 2022. Then, in December 2022 she made an application for a credit card. However she then found her current account had been blocked. She telephoned Santander and was asked to come into a branch with proof of ID, bank statements and her last three months' pay slips. She came into the branch on 23 December and provided the documents but could not provide payslips as she did not have paper copies of them.

The branch manager took copies of her documents and advised Mrs G that he would be sending them to the relevant team for approval. Mr A says that they were assured that the documents were satisfactory and that the account would be unblocked. He telephoned Santander on 28 December 2022 when the adviser found that the documents had not been sent out by the branch. This was arranged to be done straight away.

Mrs G subsequently received a letter that Santander still required copy payslips. Mr A complained to the Financial Ombudsman Service, advising that the account was still blocked. He said that as a result of Mrs G requesting copy payslips from her employer she had lost her job. He said she had also then lost a substantial sum in pursuing a scam employment opportunity. Mr A felt that Santander had confused the current account and credit account as a result of a system error and that it should have simply closed the application for a credit card and unblocked the account.

After Mr A had referred Mrs G's complaint to the Financial Ombudsman Service, Santander wrote to Mrs G to advise that, in connection with the current account, it required certain ID documents from her. Subsequently on 21 February 2023 it advised that it would be closing down her account.

After our Investigator initially reviewed the matter, Santander advised on 25 August 2023 that, after providing its file in March 2023, it had made the decision to unblock Mrs G's account. It offered to pay £150 compensation. But it hadn't previously told Mrs G or our Investigator, who revised his view and proposed that the compensation be increased to £300, and that Santander pay 8% interest on the balance in the account from 14 days after the initial block until Mrs G had full access to her account.

Santander agreed to the compensation figure proposed and that it would pay interest up until 31 August 2023 which was the date by which it believed Mrs G should reasonably have been aware that the account had been unblocked.

Mr A did not agree and said that full account had not been taken of the distress and inconvenience and financial loss caused to Mrs G because of what he considered to have been Santander's error.

I issued a provisional decision. In it I said that Santander should increase the compensation to £500, and pay 8% interest on the balance in Mrs G's account from 4 January until 15 September 2023.

Santander agreed to pay the increased compensation and interest.

Mr A did not agree.

- He still believed Santander mixed two things up i.e. current account with the credit card account. And that the letters from Santander clearly prove that it asked for the payslips only for the credit card application but due to not providing the payslips it also blocked the current account.
- Mrs G asked for payslips from her employers only to get the current account unblocked and was fired as a result.
- He and Mrs G went to Santander's local branch a number of times to request it to unblock the current account. Every time the bank manager promised us that that it blocked the current account by mistake and that it should unblock it within a week, but this never happened.
- They started calling Santander customer service who also advised them that the current account would be unblocked soon as it was the bank's mistake to block the current account rather than only blocking the credit card.
- They called Santander several times to follow up but every time its customer service team came with a different response as if it did not know what was going on.
- Mrs G required compensation of £12,000 for her lost salary and being the victim of an employment scam.

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.

My provisional findings are set out below in italics:

"First of all, I don't think that Santander acted unreasonably when it blocked Mrs G's current account. I don't think this was an error but rather a response to concerns it had about Mrs G's application for the credit card. As our Investigator has pointed out, it had the right to do this in accordance with the terms and conditions of the account. As this was so close to Christmas unfortunately this would have been too late to unblock it in time for Christmas.

As there are no notes on Mr and Mrs G's visit to the branch, I can't say exactly what the branch manager said to them. However, given that a block had been placed on the account and that a specific team was dealing with it, I doubt that he could have assured them that the account could be unblocked. The adviser that Mr A spoke to later also couldn't advise that the account would be unblocked.

I have to say that the information on Santander's file is confusing so I'm not surprised that Mrs G was confused about what documents were needed to unblock the account. But, considering the letters sent to her, it does appear that the copy payslips were needed in respect of the credit card application. When Santander wrote to Mrs G on 6 February, in respect of her current account it only requested copy ID, a utility bill and council tax

statement. But the letter referred to her “recent application” for an account, when she had had the account for over 5 months. Again I would imagine that would have been confusing. When Santander later wrote to her on 21 February advising that it was closing her account, it didn't say that this was because of any failure to provide documents.

I think Santander was in a position to decide whether it could remove the block on Mrs G's account within 14 days of when it was applied, which I believe was 21 December. If it specifically needed to see payslips before it could consider unblocking the account, it should have said so. But it appears that some time later it decided that it did not need to see copy payslips. It made the decision that it was not going to close her account and would agree to it being unblocked, but did not relay that to Mrs G for over 5 months.

As regards compensation, I think it was reasonable for Santander to ask for copy payslips in respect of Mrs G's credit card application, even if they were not ultimately required in order to unblock the current account. As all employees are entitled to receive payslips I don't think that it was in any way reasonably foreseeable that this would cause any problems in her employment. I am sorry that she subsequently fell victim to an employment scam but again that was not something which Santander could have reasonably foreseen. I don't propose to take account of those matters in respect of the compensation award.

Nevertheless I do think that Mrs G suffered severe distress and upset over a period of several months. She had over £1,000 in her account that she could have had access to more than eight months sooner than she actually did. Whilst I don't find Santander had any responsibility for her loss of employment, nevertheless I think this caused real hardship to her. I also think that the information given to her was confusing, so that she didn't know what documents were required of her and which ones were satisfactory. I think Santander should pay compensation of £500.

I note that Santander advised our Investigator on 25 August 2023 of its previous decision to unblock the account. Allowing 14 days for that information to reach Mrs G, I think it would have been reasonable to expect Mrs G to take action to unblock her account (which would have required her contacting Santander's customer services) within a further 7 days. Mr A advises that access to the account on the app is still blocked, but Santander does require Mrs G specifically to contact it to get it unblocked.”

I don't think Santander mixed things up or mistakenly blocked the account. I'm satisfied that Santander had genuine reasons for blocking the account. But I do think the application and the blocking of the account were linked. As regards whether payslips were needed, they clearly were, to support the credit card application, which in turn needed to be reviewed so that the account could be unblocked.

As I've said in my provisional findings I don't think it was reasonably foreseeable that asking for payslips would lead to Mrs G being dismissed from her job (if indeed that was the reason).

Again, as I've said in my provisional findings, I don't think the bank manager promised Mrs G that the account would be unblocked. I note Mr A now says that they were assured by the bank manager and by customer service that the blocking of the account was a mistake. From my review of the call with customer service, the adviser was careful in saying not that the account would be unblocked but that the bank would be able to help further once it had reviewed the information. The adviser also said that she could not give a time frame within which it would be resolved.

As regards compensation, I have taken into account the fact that Santander didn't tell Mrs G of its decision to unblock the account for five months and the distress and inconvenience

caused to her over that period. This is reflected in my decision to increase the award of compensation. But as regards financial losses, I repeat my view that any losses Mr A asserts that Mrs G has made were not reasonably foreseeable, nor were they a direct result of any action Santander took, or failed to take.

I remain persuaded by my provisional findings which are now final and form part of this final decision.

Putting things right

Santander should pay £500 compensation.

It should further pay 8% simple interest* on the balance in Mrs G's account applied from 4 January 2023 until 15 September 2023.

*HM Revenue & Customs may require Santander to deduct tax from any award of interest. It must give Mrs G a certificate showing how much tax has been taken off if she asks for one.

My final decision

I uphold the complaint and require Santander UK Plc to provide the redress set out under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 20 February 2024.

Ray Lawley
Ombudsman