

The complaint

Miss L complains that Santander UK Plc unfairly blocked and reported her accounts, which led to her funds being confiscated. She'd like compensation and for the funds to be returned to her.

What happened

The background to this case is well known to both parties, so I will cover it only briefly. Miss L has appointed a representative, but for ease of reading I'll only refer to Miss L.

Miss L says that in February 2022 Santander contacted the police with concerns about the account. This led to the account being blocked, and Miss L being interviewed by the police. She says it was after she'd received funds from her mother which were intended to buy a property.

Unhappy with this Miss L complained to Santander. They responded to say that they appreciated the difficulty the blocks will have caused, this wasn't down to any mistakes on their part.

The blocks were subsequently removed, and the account closed in November 2023. Santander returned Miss L's funds, less approximately £15,000 that had been subject to a forfeiture order.

Miss L then referred her complaint to our service. After investigation Santander accepted that they could have released Ms L's funds to her several weeks earlier than they did. They offered to pay 8% simple interest per annum on these funds. Our investigator thought this was a reasonable offer – they said Santander hadn't done anything wrong by blocking access to the account. They said when they had contacted the police it was out of concern that Miss L was falling victim to a scam. And they said Santander had an obligation to comply with any court orders given to them.

This wasn't accepted by Miss L. As such the complaint has been passed to me to decide.

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 want to assure Miss L I've considered all her submissions and comments in response to the investigator's opinion. In this decision I'll concentrate on what I consider to be the key points. If I've not addressed something in particular it isn't because I've failed to consider it, but rather I don't see it as necessary to reaching a fair and reasonable outcome.

The investigator is right to say that Santander, like all regulated financial businesses in the UK, have numerous legal and regulatory obligations to meet when providing accounts to their consumers. Broadly these obligations mean they must monitor account activity for signs that people are falling victim to financial harm, or to prevent and detect financial crime. This

can mean that Santander will sometimes need to restrict, or close, a consumer's account. There are provisions for these within the terms of Miss L's account with Santander.

Santander aren't under any obligation to explain in detail why they've decided to review, or close, an account – and in Miss L's case they have declined to elaborate. The rules of our service allow us to receive certain evidence in confidence – and I'm satisfied that the reasoning Santander have provided to us should remain confidential. Having considered it I'm satisfied that it was reasonable for Santander to review Miss L's account and prevent access to it while they did so.

Miss L has argued that had Santander asked more questions, she would have been able to explain the account activity and there would have been no need to contact the police. Our service doesn't have the remit to consider the actions of the police or the courts – they will make their own decisions separate to those of Santander. But it appears they took the issue reported seriously enough that orders were sought against Miss L. Considering the account activity and the notes of the interactions in branch, I'm not persuaded that Santander did anything wrong by contacting the police.

Santander have an obligation to follow any court orders provided to them. In this case Miss L has provided a copy of the forfeiture order issued against her for approximately £15,000 held in her Santander account. Having reviewed the amounts returned to her I'm satisfied the bank have followed this order. If Miss L wishes to dispute this forfeiture she would have to do so through the courts, rather than with Santander.

The terms of Miss L's account allow Santander to close it for any reason, so long as they give two months' notice. But in this case, they gave no notice – and in any event the account had been blocked for almost 20 months beforehand. The terms only allow the bank to do this in limited circumstances. But I'm satisfied that the closure was carried out in line with the terms and wasn't unreasonable.

Miss L's account was blocked for a considerable period. Having reviewed the evidence available that this largely wasn't down to any errors by Santander.

But Santander have accepted that they could have released Miss L's remaining funds (£17,210.39) by 18 October 2023. But a cheque wasn't issued until 8 November 2023. So, there is a short period where Miss L was unreasonably denied access to her funds. The bank have offered to pay 8% simple interest per annum on this amount for this period. I consider this to be appropriate – it's in line with awards our service typically give when people have been unreasonably denied access to their funds and is in line with the awards courts often make for debt judgements.

I appreciate Miss L feels very strongly about this complaint and has highlighted what she feels is the impact of not having access to her funds. But having reviewed everything I'm satisfied that Santander were acting in line with their legal and regulatory requirements and haven't been unreasonable or unfair to her. As such, I don't see that they need to do anything further beyond the interest award detailed above.

My final decision

My final decision is that Santander UK Plc must pay Miss L 8% simple interest per annum on the balance of £17,210.39 between 18 October 2023 and 8 November 2023.

If Santander considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss L how much it's taken off. It should also give her a tax

deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 15 March 2024.

Thom Bennett
Ombudsman