

The complaint

Miss S complains that Santander blocked her account and closed it. She would like compensation and an apology.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Miss S had a savings account with Santander

Miss S paid funds into her account on 16 January 2023. Santander reviewed the transaction and asked Miss S for proof of entitlement to the funds paid into her account.

Miss S provided Santander with information.

Miss S says Santander took too long to review the information she sent them. Santander blocked the account between 19 January 2023 and 26 January 2023.

Santander sent Miss S immediate notice to close the account on 8 February 2023. Miss S said she was planning on closing the account herself regardless.

Miss S has said she found the process very stressful and spent a lot of time phoning Santander chasing for updates. She also was unable to access her online banking to carry out a transaction and had to phone Santander to carry out the transaction on the phone. She thought this was inconvenient. She was unhappy with the service she had received from Santander.

One of our investigators looked into the complaint. She thought Santander hadn't done anything wrong when they reviewed the account. She didn't think there had been a delay although she acknowledged that she had to send Santander the information again as it hadn't uploaded to their system. She said on the evidence Santander were entitled to close the account with immediate effect.

Miss S disagreed with the view.

As there was no agreement the matter came to me, and I issued a provisional decision.

In my provisional decision I said:

I'll start by setting out some context for the review of Miss S's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. These mean they have to monitor their customers' accounts and may need to review an account at any time. While that is happening, they may need to block or restrict any payments. I am satisfied Santander were complying with these obligations when they reviewed Miss S's account and blocked it and asked her to provide

information about a payment she received into her account.

In this case Miss S's account was newly opened and had received a large payment into the account. In the circumstances, I don't find it surprising that Santander wanted more information about the source of the funds.

Santander blocked the account on 19 January 2023 and the account was unblocked on 26 January 2023.

Miss S provided Santander information on 21 January 2023 regarding the proof of entitlement to the funds that had been requested by Santander. I have seen evidence that Miss S sent documents to Santander. Santander told Miss S that they would review these within a 48 working hour period. Miss S called Santander on 25 January 2023 for an update and was told the evidence was there, but the evidence hadn't been reviewed. From the notes I can see that she was also told on a different call that the documents hadn't been uploaded and she had to upload her proof of entitlement evidence again. Miss S's account was unblocked on 26 January 2023.

I appreciate that Santander did misplace Miss S's documents and she was put through the inconvenience of uploading the information again and I can see that Miss S phoned Santander several times to get updates and was given conflicting information.

After her account was unblocked Miss S tried to make payment using her online banking. But it was blocked. She was told by an agent on the phone that it needed to be re-registered by going into branch with identification documents. I can see that Miss S was able to make her transfer on the phone with an agent.

Miss S also had to call on 6 February 2023 because she wanted to make a payment to a new payee and wasn't able to do it online as the payment had been blocked. Santander went through their process and made the payment for her. With this last payment Miss S had emptied her account of her funds.

Miss S was given immediate notice to close the account on 8 February 2023. Miss S has told us she wanted to close the account because of the way she had been treated by Santander which is why she proceeded to transfer all her funds out of the account from the 26 January to the 6 February 2023.

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 good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

Banks should, however, give reasonable notice before closing an account. Usually that means 60 days' notice, but it can be less depending on the circumstances. Santander closed Miss S's account with immediate notice.

I've considered whether Santander acted fairly in closing Miss S's account. I've looked at the terms and conditions of the account. The terms and conditions outline that the bank can close a customer's account with two months' notice, and in certain circumstances they can close an account immediately. In this case Santander closed Miss S's account without notice. For Santander to act fairly here they needed to meet the criteria to apply their terms for immediate closure. I've looked at the information Santander has given us about what caused them to close Miss S's account. Having done so, I would expect to see stronger

evidence than it has provided. So, I'm not satisfied that Santander has treated Miss S fairly when it closed her account immediately. I think Santander should pay Miss S compensation of £100 for this. In deciding on this amount, I've taken into consideration that Miss S had accessed her funds and emptied the account, and she was able to open another account.

Miss S has complained about the level of service that she has received from Santander. I can see that she made a lot of calls and from the notes, she seems to have made at least 7 calls on 25 January 2023 and she got conflicting information about whether Santander had the documents she had uploaded or not. She had trouble with the online banking as a result of the block which meant she had to call Santander to carry out transactions on her account. I'm also aware that Miss S had to reupload her documents when Santander wasn't able to locate them. I am aware this has caused Miss S inconvenience and upset, and I think Santander should compensate her for this in the amount of £50.

In summary looking at the evidence I think Santander should pay Miss S a total of £150 compensation for the closure and the service issues she has had.

Replies to my provisional decision

Santander have said they have nothing new to raise. Santander have said their terms allow them to close an account with less than 60 days' notice in certain circumstances and they believe the circumstances are met in this case.

Miss S has accepted the provisional decision. She has said she was never told the account was blocked and found out when her grocery payment hadn't gone through. Her grocery delivery was cancelled, and she had to borrow money from family to buy food. She has said the case handler closed the complaint without telling her and he was rude on the phone.

I thank both parties for their comments. Now both parties have had an opportunity to comment I can go ahead and issue my final 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.

In relation to Santander's comments, I accept that their terms allow them to close an account with less than 60 days' notice in certain circumstances. In my provisional findings I said I would expect to see stronger evidence than was provided by Santander. Santander hasn't provided me with any further evidence, so my original conclusion stands.

In relation to Miss S's comments, I have already taken into account the inconvenience that the immediate closure caused, and the poor customer service received by Miss S. I have taken all this into consideration when setting the level of compensation that I suggested in my provisional decision. I have seen nothing in Miss S's comments to change my mind.

I thank both parties for their submissions which I have considered in full. Having reviewed all the information received by both parties and their responses to my provisional decision I see no reason to depart from my original provisional findings. I remain of the view that this complaint should be partially upheld for the reasons set out in my provisional decision, which are repeated above and form part of this decision.

My final decision

For the reasons I've given, my final decision is that I partly uphold this complaint and direct Santander UK Plc to pay Miss S £150 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 29 February 2024.

Esperanza Fuentes
Ombudsman