

## **The complaint**

Mr C complains that Santander UK Plc unfairly closed his accounts, which has had an impact on his credit file. He'd like the negative information removed.

## **What happened**

Mr C held several accounts with Santander, including a current account and two credit cards. But in November 2022 he founds that all his accounts were blocked, and he could not use any of the accounts. He complained, but Santander responded to say that in line with banking policy they could not allow any further transactions at the time, and they could not provide any further explanation.

Santander later wrote to Mr C to say they would be closing his bank accounts with immediate effect, and they enclosed a cheque for the balance. This was followed shortly by a letter saying his credit card accounts were closing and asking for repayment of the outstanding amounts within 60 days.

Mr C complained to our service, saying he had attempted to make payment towards his credit cards, but Santander hadn't allowed him to. He said he cleared some of the balance with a balance transfer from another credit card but hadn't been allowed to clear the remaining amount. This was now being reported on his credit file as missed payments. This was impacting his ability to get a beneficial rate when re-mortgaging. He also said there was a delay in returning the funds from his bank accounts to him.

Santander said that Mr C had been told he could make payments towards his credit card in branch. They said they hadn't refused to accept payment towards the credit cards. They said they had closed his accounts in line with their terms, and the information reported to the credit reference agencies was factual.

Our investigator thought the complaint should succeed in part. They said that Santander's review of Mr C's bank accounts was reasonable, and the subsequent closure was in line with the bank's legal and regulatory requirements. They said it wasn't unreasonable for Santander not to provide an explanation. And they also thought it likely that Santander had sent Mr C a cheque for the closing balance at the time it was closed, so didn't think the bank had caused any delays in him receiving the funds.

But the investigator thought Santander had been reasonable in issuing a closure notice for the credit cards and asking for repayment within 60 days. But they thought it likely that Mr C had made reasonable efforts to repay the balance, and the information provided by Santander hadn't been helpful. They said that they understood Mr C's account balance was on hold pending the outcome of the investigation, so it would be reasonable to ask Santander to remove the missed payment markers. They also suggested Santander pay Mr C £150 compensation for the distress caused.

Santander didn't accept this in full. They said they agreed with the compensation, and that confusion may have led to the late markers in November and December 2022, but after this Mr C should have been aware of how to make payments towards the credit card debt. Mr C

rejected this outcome, saying that Santander had acted in bad faith against him, and defaulted debt that was still in dispute.

As no agreement could be reached 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.

Having done so, I'm satisfied this complaint should succeed in part. Mr C has raised several issues about how Santander handled his accounts and closures, some of which appear to be resolved, or the outcome the investigator has reached hasn't been disputed by either party. So, I'll be concentrating on what I consider to be the key issues to reach a fair outcome here. I want to assure Mr C I've read and considered all his submissions in detail. If I don't mention something, it isn't because I've not taken this on board, rather it's because I don't need to in order to reach a fair and reasonable outcome.

#### *Bank account blocks and closures*

It's 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 customers.

In practice this means they need to monitor accounts to ensure that they fully understand how their accounts are being used. Sometimes this means that they need to carry out a specific review into an account – which in turn can mean they need to prevent any further transactions using the account while they do so. There is provision for this in the terms of Mr C's account with them.

Santander aren't under any specific obligation to explain to their consumers why they've decided to carry out a review – and in this case have declined to do so. Under the rules of our service, we are allowed to accept some evidence in confidence – and I'm satisfied it's appropriate to do so here. And I see that Santander's reasons for carrying out the review were reasonable and blocking the account while they did so was fair.

The terms of the account also detail when they can close account – typically this is by giving two months' notice. But here they closed the account with no notice. This can only be done in limited circumstances, outlined in the terms. I've considered these carefully and I'm satisfied these apply here.

The review was carried out in a reasonable timeframe, and I can't see that there were any avoidable delays caused by Santander. I appreciate it would have been very frustrating for Mr C, but I can't see that the bank have done anything wrong.

I'm also satisfied that the cheque for the closing balance was sent at the same time as closure notice, as there is a record of it being produced at the same time.

#### *Credit card closure*

The terms of Mr C's credit card accounts allow Santander to close the accounts by giving two months' notice. In this case I can see that the notice of closure gave Mr C 60 days' notice to repay the outstanding balance. Santander have met their obligations for this card. Once they issue the closure notice it's not unreasonable to prevent any further spending on

the card – to prevent the debt from growing from that point. So, I'm satisfied Santander have treated Mr C reasonably here.

Mr C did have another credit card with Santander, but as this card didn't hold a balance at the time Santander have explained they didn't send a closure notice. It may have been more sensible to do so – but I don't see this has led to any detriment to Mr C.

The closure notice however doesn't give Mr C any options on how to repay the outstanding balance – just that if the debt isn't repaid by the end of the 60 days, then it would be passed to collections and recoveries. At the point Santander would be aware that the current account had been blocked and then closed, which was his usual method of paying off his credit card.

I've listened to a call Mr C had with Santander before the closure notice was issued, when he was trying to make a payment towards his credit card. He is initially told that he can't, although this is later clarified that he can go into branch or speak to the collections and recoveries department. But he clarifies that he'd spoken to the collections department already, and they couldn't take payment. By the end of the call, Mr C's understanding was that Santander would contact him to arrange a payment.

Mr C has also said he later contacted Santander to make a payment, but this was refused. Santander haven't been able to find a record of this call. But Mr C has been consistent on this point. And there are notes from December 2022 of Mr C contacting Santander to offer payment, which doesn't seem to have been accepted. So, I'm inclined to believe Mr C. I think the information provided by Santander about how to clear the credit card balance was contradictory and unhelpful.

I also see that Mr C did clear some of the debt with a balance transfer. So, I'm satisfied he was making genuine efforts to repay the debt.

I've considered what Santander have said about Mr C being aware of how to make payments from March 2023 onwards. And I accept Mr C could have mitigated his circumstances somewhat. But overall, I see his frustration – firstly with the confusing information provided about repayments, and with the late payment markers in November and December 2022 that he feels are unjust.

I'm persuaded that the fairest resolution is to remove the negative markers from Mr C's credit file in relation to this account, from November 2022 to the date of settlement. I also note that Mr C hasn't disputed that this is money he owes, and he has told our service that he has the means to repay the debt. I expect Santander will likely expect repayment shortly after the date of settlement of this complaint, otherwise further negative markers may be recorded.

I've considered the impact of the negative markers on Mr C. I'm satisfied that there will have been a negative impact on him, and that it's fair that Santander pay him a degree of compensation for this. I've considered the information he's provided about his mortgage, and I can't say conclusively that the markers were the sole reason for any increase in his mortgage rates. But I can see they refer to some adverse markers which would need to be resolved before the mortgage application proceeds – so, I'm sure the markers from Santander were an issue. I've taken this into account when deciding what would be fair compensation.

Taking everything in to account I see that £150 is a fair reflection of the distress and inconvenience caused.

## **My final decision**

My final decision is that I uphold this complaint, in part. Santander UK Plc must:

- Remove any negative markers in relation to Mr C's credit card from his credit file, from November 2022 to the date of settlement
- Pay him £150 compensation, for the reasons set out above

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 13 March 2024.

Thom Bennett  
**Ombudsman**