

The complaint

Mr S complains on behalf of his company, I'll call R, that Santander UK Plc restricted access to R's account. He'd like then funds released to him.

What happened

Mr S has business account with Santander for his business, which I'll call R.

In 2018 R's account was blocked.

In 2021 Mr S contacted Santander to ask them why they'd not contacted him with an update on the account block.

Santander asked Mr S some questions about payments received into R's account, for £5,000, £5,250 and £21,000 in December 2017. They also asked him about his involvement with a limited company I'll call A, who made the payments to him.

Mr S provided answers to the questions. In summary he explained that he'd previously been a director of A, and he'd later helped to deregulate the company. However Santander weren't satisfied with the answers provided. They sent Mr S a further letter asking him to provide invoices for the payments he received in December 2017.

On 2 August 2022 Mr S provided a copy of two invoices for £26,000 (dated 20 May 2016) and £5,000 (dated 30 November 2017). The invoices detailed the activities Mr S carried out including deregulating A, providing office space and dealing with debt collection companies. Mr S chased Santander for a response and after receiving their final response, advising they won't be releasing R's funds, he complained to our service. He argued that Santander were unfairly charging him monthly fees for the account – when he couldn't access it – and he'd been unable to invest funds in an ISA due to the restriction.

One of our Investigators looked into Mr S's complaint. They reviewed the evidence presented by Santander and Mr S. They thought Santander hadn't acted fairly in restricting R's funds and recommended the funds were released with 8% from the date of restriction to the date of release.

Santander didn't agree and argued that the invoices provided by Mr S weren't sufficient to release the funds and they needed evidence from A that there were no creditors for the funds.

The case was reallocated and a new Investigator reviewed the outcome. And they reached a slightly different conclusion. They were still of the opinion that Santander weren't acting fairly in holding on to the funds. And recommended they were released plus 8% interest. They also thought Santander should repay the £7.50 monthly account fee and 8% interest from the day of the restriction to the date of release.

Santander didn't agree. In summary they argued that the invoices supplied by Mr S weren't sufficient to show proof of entitled to the funds – and they couldn't be confident there weren't

creditors owed funds from A. So they wouldn't agree to release them.

As Santander didn't agree the case was passed to me to decide. On reviewing R's complaint I reached a different conclusion to our investigator. I explained I thought the evidence provided by Mr S wasn't sufficient to allow the release of the funds, but once the block was imposed the account fee shouldn't have been charged. I gave Mr S and Santander until 2 January 2024 to reply.

Mr S didn't reply.

Santander accepted my Provisional decision. They explained that it wasn't possible for the account fees to be stopped whilst R's account remained open. They decided to close R's account and refund the account fee from the date of the block to the date of closure.

As the date for responses has now passed I've proceeded to issue my 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 my Provisional Decision I said:

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything that Mr S and Santander have said before reaching my decision.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Santander has provided is information that we considered should be kept confidential.

Santander are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They're also required to carry out ongoing monitoring of new and existing relationships. That sometimes means they need to restrict customers' accounts – either in full or partially while they carry out their review. Having looked at what's happened I appreciate why Mr S, on behalf of R, may have found this inconvenient, but Santander must ensure they keep their due diligence checks updated at all times.

Unfortunately, having reviewed the explanation Mr S provided and the documents Mr S supplied Santander I'm not satisfied that the evidence he's provided is sufficient for me to expect Santander to release the funds. It follows I don't currently think Santander's actions in not releasing the money are unfair.

Santander have advised our service that for R's account to be unblocked and Mr S's funds to be released they'll need:

- *Additional proof of entitlement for the funds received into R's account from A*
- *Evidence from A showing the reason for the three payments to R*

- *Proof from A showing there are no creditors owed funds which prevent R's money being released*

I've considered Santander's reasons for not releasing the funds. And what additional information they've asked Mr S to provide. I appreciate that some of the information requested, namely records from A showing why Mr S was being paid for his services and evidence demonstrating A has no outstanding creditors, may be difficult for Mr S to provide. But, it doesn't follow that I think Santander's requests are unreasonable.

Account fee

I've thought about whether it's fair for Santander to charge Mr S a monthly fee, when he has no access to the account. I agree with our investigator on this. This doesn't mean I think the block is unfair, as I've already explained – I think it's been fairly applied. However, as Mr S can't make use of the account facilities, or close his account, I can't agree charging on ongoing monthly fee is fair. I'm therefore planning to direct Santander to refund these fees to Mr S's account. I won't however be asking for 8% interest – I say this as the funds will be returned to R's account, which has been fairly restricted for the duration. It follows, Mr S hasn't lost out on utilising them.

Santander accepted my Provisional decision, and Mr S didn't respond. As I haven't seen any additional evidence or arguments I won't be changing the conclusions I reached in my Provisional decision.

Putting things right

In my Provisional decision I asked Santander to stop charging R account fees, and refund them from the date of the block. I understand these fees have now been refunded.

My final decision

My final decision is I partially uphold Mr S's complaint.

As Santander UK Plc have already refunded R's account fees I won't be asking them to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 8 March 2024.

Jeff Burch
Ombudsman