

The complaint

Mr H complains that Santander UK Plc unreasonably blocked his account, which stopped his direct debits from going out. He'd like the remaining balances to Santander written off, and compensation for the stress this caused.

What happened

Mr H held accounts with Santander, including a current account and a loan. In December 2022, while living abroad, he discovered that he couldn't access his accounts with the bank. He contacted them about this, and explained his main concern was around his regular direct debit payments for his insurances, which would be cancelled if they weren't paid. The bank told him they'd requested information from him, such as his ID. As they'd had no response, they'd blocked the account. They agreed to unblock the account for two weeks so he could submit the information. Mr H then transferred in £330 to the account from his savings.

But several days later Mr H still couldn't use the account. He rang back and was told that Santander had removed his overdraft. This meant that any money paid into the account would be used to pay the arrears of approximately £1,400. Santander explained they couldn't guarantee his direct debits would be paid. They advised him to open another account to allow these to be paid. Mr H explained that he didn't have access to a computer to set up a new account and had recently had an operation that affected his mobility. He didn't live in the country so couldn't go to branch.

Santander didn't receive any ID documents, so the account was blocked again in January 2023. In February 2023 Santander wrote to Mr H to say they'd be closing his accounts in 60 days' time. The accounts closed in April 2023, with the overdraft still outstanding.

Mr H complained about what happened, saying Santander had conned him in to moving the £330 to the overdrawn account. He said he'd never been contacted about these blocks before they were applied. Santander responded to say they didn't think they'd done anything wrong and had contacted Mr H for ID which they had not received. They said that they were within their rights to ask for the outstanding debts to be repaid.

Unhappy with that answer Mr H referred his complaint to our service. One of our investigators looked into what happened but didn't think Santander needed to do anything further. But Mr H disagreed, feeling he'd been conned by the bank, and had been blacklisted.

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.

I see there are two key points here, when considering what's fair in Mr H's complaint. Firstly, it's right to say that under Santander's legal and regulatory obligations they must keep up to date details for their customers. This is for several reasons, such as the detection and prevention of fraud and financial crime. And for their own purposes of being able to provide better service to their consumers.

In this case, it's clear Santander had difficulty getting in touch with Mr H. When they requested information, they didn't receive a response. So, they decided to block the account. There is provision for this in the terms of his account, and I don't see it as unreasonable. From his phone calls with the bank afterwards he would be aware Santander wanted him to provide further identification, and from what he's told our service he didn't do so. I appreciate that living abroad may make this more difficult, but I don't see it as a particularly onerous or unreasonable request.

As Santander didn't receive Mr H's ID, it isn't unreasonable they decided to close his accounts. They sent the required notice to the address they had on file – which I understand is Mr H's son's address – and I'm satisfied this is appropriate.

The second key point is over Santander's right to call in the overdraft and prevent any further spending until this is paid off. The bank could have been clearer to Mr H when he was initially speaking to him that his overdraft had been removed. But the terms of the account make it clear that the overdraft is repayable on demand – so the bank can ask for it to be repaid in full at any point. When an account is overdrawn, that amount is effectively a debt to the bank. And it's not unreasonable for the bank to decide they don't want to lend any more, and to ask for the overdrawn balance to be repaid.

Santander don't have to give specific reasons for withdrawing the overdraft but have explained to Mr H the account had been overdrawn for some time. Reviewing the statements, I can see that the account had been in the overdraft for over a year, and there wasn't any sign of this debt being regularly reduced. I'm also mindful that Mr H was now living in a different country, and Santander had had difficulty in contacting him already. So, I'm minded that calling in the overdraft wasn't unreasonable.

I see what Mr H is saying about transferring in the £330, and that he may have not transferred it from his savings if he'd known it would go towards debt. But I'm also mindful that Santander would still have had the right to "set off" any debt owed to them – which is a banking practice of using funds held in a positive balance to offset the debts held in a different account. So, I don't see that he is in any different position than he would have been. I've seen nothing to suggest Santander advised, or encouraged, him to transfer these funds.

Having listened to the calls between Mr H and Santander, I see that the bank sympathised with him, the bank staff tried to help with his direct debits. They advised that he should set up another account to transfer his direct debits to. Since they didn't have up to date identification for him, I can't reasonably expect them to have offered another account at the time. Again, I appreciate that he was living abroad which would make it more difficult to set up an account with another provider. But he was always going to need to provide identification details to either Santander or another provider if he wished to have a bank account in the UK to receive funds and make payments.

Mr H also confirmed that he had an account in the country he was living in and was receiving pension payments into it. So, the withdrawal of the overdraft didn't leave him totally without access to funds.

There is still debt outstanding on both the overdraft and loan, so I don't consider it unreasonable for Santander to ask that it be repaid. These are funds Mr H has had the use

of and are duly owed by him to the bank. It wouldn't be reasonable of me to suggest Santander should write it off. It's also not unreasonable for Santander to report any arrears on Mr H's credit file, or to ask a third party agency to collect the debt on his behalf.

Santander have offered Mr H details of debt charities and advice organisations who may be able to advise him if he believes he'll have difficulty repaying the debts. In the circumstances I see this is fair.

Overall, while I'm sympathetic to Mr H and the circumstances he was in, I don't see that Santander have treated him unfairly or unreasonably in calling in the overdraft, and eventually closing his account. Because of that, I'm not asking them to do anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 26 March 2024.

Thom Bennett
Ombudsman