

The complaint

Miss S complains that Santander UK Plc closed her account, restricted her funds and loaded a late payment marker on her credit file. She'd like compensation for the impact and the marker removed.

What happened

Miss S had an account with Santander.

On 22 December 2021 Miss S's account was blocked, and on the same day Miss S was notified her account was being closed in 30 days. On 27 December 2021 Miss S was advised she'd need to attend branch to withdraw her funds. And she successfully withdrew them on 29 December 2021.

Miss S complained to Santander about their actions in closing her account and restricting her funds, and the inconvenience caused in her having to withdraw the funds in branch.

They looked into Miss S's complaint but thought they'd acted fairly in closing it.

Miss S brought her complaint to our service. She wasn't happy about Santander's decision to close her account and restrict her funds. She also raised that her account wasn't closed as it should have been which meant it was difficult for her to access a £20 payment sent from her brother in March 2022. And that a late payment marker was loaded on her credit file in January 2022 by Santander.

Our investigator asked Santander for more details about why they closed Miss S's account, and a late payment marker was loaded against her. Santander explained that in January 2022 Miss S exceeded her overdraft limit, and as a result a late payment marker was loaded. They also advised that because Miss S's account was overdrawn it remained open until 14 June 2022.

Our Investigator thought Miss S acted fairly in closing Miss S's account, but they should have given 60 days' notice – not 30 days' notice during which the account was blocked. They recommended Santander pay Miss S £100 compensation.

Neither party accepted the view. Santander argued that even if two months' notice was given the account would have been restricted, therefore this wouldn't have made any difference to Miss S. And they closed Miss S's account in line with the terms and conditions.

Miss S didn't accept the view, in summary Miss S said:

- She'd like evidence that she exceeded her overdraft limit
- Doesn't think It's fair Santander won't share the reasons they closed her account
- She was stopped from applying for jobs because of a negative fraud marker

- She's being chased by solicitors and a phone company for money she doesn't owe
- The whole experience has caused her significant distress and £100 isn't sufficient

As neither party accepted the view the case was referred to me to decide.

On reviewing the complaint I came to a slightly different conclusion to our investigator.

I thought that Santander didn't act fairly in not giving Miss S 60 days' notice or loading the late payment marker. And they should pay Miss S £400 compensation, remove the late payment marker and pay 8% interest on her account balance between 22 and 29 December 2021.

Miss S accepted my recommendations, but also asked for her account with Santander to be reopened.

Santander didn't accept my Provisional decision. In response they said:

- They'd followed the terms and conditions of Miss S's account when immediately blocking her access
- Miss S didn't take into account other payments which were coming out of her account after she withdrew her funds
- They sent a letter on 26 January 2022 to inform Miss S that her credit facility had been cancelled, and follow up letters in February 2022.
- They agree the account should have been closed sooner and offer £100 compensation for the impact caused.

As neither party accepted my decision in full I've reconsidered my findings.

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 I said:

Santander have shared the reasons for their decision to close Miss S's account with our service. 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. I understand this will disappoint Miss S but Santander are under no obligation to share their reasons for closing Miss S's account with her – however as I've explained above they do need to share their reasons, and evidence, with our service.

After reviewing Santander's reasons, I asked them for further evidence to support their decision to close Miss S's account. But, they weren't able to provide any further evidence. Santander can only close accounts in certain circumstances and if it's in the terms and conditions of the account. Santander have relied on the terms and conditions when closing Miss S's account. The terms explain that the bank can close any account by providing 60 days' notice and immediately for a limited number of reasons.

Although Santander are entitled to close any account with 60 days' notice, it's the role of our service to determine if they treated their customer fairly, and didn't discriminate, in doing so. And without evidence to support their reasons I'm unable to successfully conclude they've acted fairly here. For the same reasons I think the decision to block Miss S's account on 22 December 2021 was unfair.

Santander didn't close Miss S's account until 14 June 2022. Santander have explained the account couldn't be closed until the balance wasn't overdrawn – which I can see didn't occur until March 2022. I understand that Miss S found it difficult to access a payment sent to her account in May 2022, but I'm pleased to see a cheque was eventually issued. I think the account should have been closed sooner, but I can't hold Santander entirely responsible for the delay in Miss S obtaining the funds. I say this as Miss S was aware the account was restricted and due to close.

Late payment loading

I've reviewed Miss S's statements including the activity in January 2022, when the late payment fee was loaded. I agree with Santander that Miss S exceeded her limit on several occasions throughout the month. Santander explain Miss S would have been notified that she exceeded her limit. However, they've been unable to provide a copy of this letter or any other evidence to show it was sent.

I've thought about whether Santander acted fairly in loading a late payment marker on Miss S's credit file, but I don't think they did. I would have expected Santander to notify Miss S that she'd exceeded her limit, especially as Miss S's account was blocked and due to close. And given her a fair opportunity to rectify this, prior to the late payment marker being loaded – but I've not seen this occurred.

Santander's decision to block and close Miss S's account caused her inconvenience in not having access to the account, attending branch to collect her funds, obtaining new banking facilities and redirecting her salary. Miss S was also caused distress in noticing a late payment marker on her credit file. I think Santander should pay Miss S £400 to compensate for the impact caused to her.

I also think Miss S was deprived of access to her funds from 22 December 2021 until 29 December 2021 when they were withdrawn in branch. To compensate for the lack of access to the funds I think Santander should pay 8% annual interest for the duration.

I've considered Santander's response to my Provisional decision.

Santander have argued that they followed the account terms and conditions when effectively closing Miss S's account immediately. They haven't provided any new evidence for this point – and I've already considered the arguments Santander put forward for why they think they've complied with the account terms and conditions. So I won't be changing my conclusion that they didn't act fairly in effectively closing Miss S's account immediately. I've thought about Miss S's request for her account to be reopened – but I'm afraid I won't be asking Santander to do this. I'm satisfied that the compensation I directed in my Provisional decision is fair compensation for the impact of their actions.

I've considered Santander's arguments about the loading of the late payment marker. Including the new evidence presented by the bank. This includes case records showing letters were sent – however Santander haven't shared copies of the letters, or the content included. For this reason I can't be confident the letters told Miss S her account was over its agreed limit or the need to repay it within a certain timeframe. It follows, I can't say the late payment marker recorded on her credit file is fair.

Putting things right

Santander's decision to block and close Miss S's account caused her inconvenience in not having access to the account, attending branch to collect her funds, obtaining new banking facilities and redirecting her salary. Miss S was also caused distress in noticing a late payment marker on her credit file. I'll be asking Santander to pay Miss S £400 to compensate for the impact caused to her.

Miss S was deprived of access to her funds from 22 December 2021 until 29 December 2021 when they were withdrawn in branch. To compensate for the lack of access to the funds I think Santander should pay 8% annual interest for the duration.

My final decision

My final decision is I'm upholding Miss S's complaint and directing Santander UK Plc to:

- Pay Miss S £400 compensation
- Remove the late payment marker on Miss S's credit file loaded in January 2022
- Pay Miss S 8% interest on the account balance between 22 December 2021 and 29 December 2021

HM Revenue & Customs require Santander UK Plc to withhold income tax from the abovementioned interest. HSBC should give Miss S a certificate showing how much is taken off if she asks for one.

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

Jeff Burch
Ombudsman