

The complaint

Miss J complains that Santander UK Plc restricted her account, and they took too long to complete their investigations.

What happened

Miss J says that Santander restricted her account after she attempted to transfer money to her friend. She says Santander blocked the transfer due to a potential scam, and they conducted an investigation into this, but Miss J wasn't satisfied with the pace of the investigation. Miss J says she was worried about not having access to her account as she needed to pay her bills. Miss J made a complaint to Santander.

Santander initially did not uphold Miss J's complaint in a communication they sent her dated 7 July 2023. They issued a further response dated 6 November 2023 where they partially upheld her complaint and paid her £100 compensation. They agreed that they'd taken longer to reach a conclusion than they should have. Santander acknowledged that this would be incredibly frustrating for Miss J, and she'd been chasing this up for some time. They said the restrictions would remain on the account until Miss J and her friend visited a Santander branch with photographic identification. Miss J brought her complaint to our service.

Our investigator partially upheld Miss J's complaint. He said the £100 that Santander paid Miss J for the delays wasn't enough given the length of delays. He said Santander should pay Miss J a further £200 compensation to total £300 compensation.

Miss J asked for an ombudsman to review her complaint. She said months ago she raised a complaint with Santander, and they did not provide her with a formal conclusion about the complaint she had raised. She said because of the overall service (i.e. the freezing of her account and Santander's failure to follow their own complaint procedures) she would appreciate a final decision on the matter.

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'd like to explain to Miss J that it is not within this service's remit to tell a business how they should run their security procedures, such as when to block attempted transfers or what requirements they need to lift any restrictions they've placed on an account. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Santander to make changes to their policies and procedures, if necessary.

I must explain to Miss J that complaint handling by a business isn't a regulated activity and as such, the issues she's raised that relate directly to how Santander has investigated the complaint she raised months ago does not come under my powers to consider. But I do note that she was sent two final response letters, one dated 7 July 2023 and another dated 6 November 2023. So if Miss J did not receive the initial letter, I'm pleased that this didn't prevent her from bringing her complaint to our service within the relevant timeframes.

Banks and building societies have an obligation to try and keep their customers' accounts safe. Sometimes they identify and block legitimate payments that a customer wants to take place. This can cause distress and inconvenience to a customer – but it doesn't necessarily mean they have acted incorrectly.

Santander have an obligation to protect Miss J's account. So if they have concerns about a payment/transfer that she attempts to make, they can refuse to make the payment, and to protect the account – and ultimately Miss J, they can place restrictions on an account. So as Santander had concerns that Miss J was a victim of a scam, they refused to make the payment and restricted the account.

I can't say Santander were unfair by doing this, although in this instance Miss J wasn't a victim of a scam. The restrictions on her account didn't prevent credits being received into the account, and I can see Miss J was able to make card payments, withdraw cash at Automated Teller Machines (ATM's) and make bill payments before she and her friend visited the branch.

But Santander did provide Miss J with poor customer service. At times, stages of their investigation were delayed by longer than I would find reasonable. It's clear Miss J had chased Santander up on a number of occasions, and I don't doubt that she's spent a lot of time on the phone and in the branch trying to resolve this. Looking at the internal notes it appears Miss J wasn't given a call back with an update as promised, which would have inconvenienced her to chase up Santander for an update.

In total, it took almost six months from when Miss J attempted to make the transfer to her friend, to when the situation was resolved. Whilst some of the delays would be inevitable, such as Santander needing time to complete an investigation, and time needed to arrange Miss J and her friend to visit a branch with photographic identification, I'm not persuaded that £100 compensation recognises the impact that Santander's poor customer service had on Miss J at times.

I agree with our investigator that a further £200 is proportionate for what happened here. I've noted the strength of feeling that Miss J has that this isn't enough compensation, but I must explain to Miss J that our awards are not designed to punish a business or to make them change the way they act in order to protect other customers in the future. That is the role of the regulator. We sometimes award compensation if we feel that a business has acted wrongfully and therefore caused distress and inconvenience to their customer over and above that which naturally flows from the event. So it follows I'll be asking Santander to put things right for Miss J.

Putting things right

Our investigator has suggested that Santander pay Miss J a further £200 for distress and inconvenience, to total £300 compensation, which I think is reasonable in the circumstances.

My final decision

I uphold this complaint in part. Santander UK Plc should pay Miss J a further £200 compensation (to total £300) for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 23 July 2024.

Gregory Sloanes

Ombudsman