

## **The complaint**

Mr H complains Santander UK Plc unfairly closed his bank account.

## **What happened**

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points.

Santander received a fraud report from a third-party bank, which I will refer to as R. This was a payment made in August 2023 in from an account in Mr H's name.

Santander reviewed Mr H's account and asked him for details of the transaction. Mr H explained the funds were from his own account with R. Based on Mr H's responses Santander reverted back to R for more details. As no response was received from R, Santander made the decision to close Mr H's account. A notice to close letter was issued, providing Mr H with 30 days to make alternative arrangements for his account.

Mr H complained to Santander, explaining it had unfairly closed his account and failed to review the evidence it had promptly. Santander reviewed Mr H's concerns and explained that it was still under an obligation to review the account. It said without a definitive response from R, it was unable to keep Mr H's account open. It also found it hadn't caused any unnecessary delay.

Mr H referred his complaint to our service. An Investigator reviewed Mr H's complaint. They didn't uphold Mr H's complaint and explained the following:

- Santander's regulatory obligations meant it was required to review Mr H's account based on R's report.
- The investigation carried out by Santander was reasonable and it asked Mr H and R the necessary questions.
- It's decision to close Mr H's account was reasonable given it hadn't received a response from R.

Mr H remained unhappy and maintained Santander had acted unfairly. The case has been referred to me – an ombudsman – for a final 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.

I can see Mr H feels very strongly about his complaint. That's clear from what's he's said to us and to Santander. However, based on the available evidence I think Santander has acted reasonably and I won't be asking it to take any action. I'll explain why.

Santander has extensive legal and regulatory responsibilities they must meet when providing account services to customers. They can broadly be summarised as a responsibility to

protect persons from financial harm, and to prevent and detect financial crime. It's the bank's duty to reasonably ensure accounts are being used in the way they should and to protect the money which is held in them. Fraud is a serious matter, and one approach financial businesses and banks can help to tackle fraudulent payments is by reviewing accounts when allegedly fraudulent payments are received into them. Doing so helps prevent potential financial loss or other harm that could otherwise result.

In Mr H's case, Santander received a report from R regarding a payment into his account. The payment was from an account in Mr H's name, and I can see Mr H says this demonstrates the funds were his own. However, two accounts having the same name is not sufficient to satisfy the necessary regulatory requirements, and fraudulent funds can still be moved between accounts for the same customer. Santander is expected to take such fraud reports at face value. As such its decision to block and carry out a review of Mr H's account was appropriate.

Santander asked Mr H for detailed information about the payment he received in August 2023 – which they're entitled to do under their regulatory obligations. Mr H co-operated with the review and provided the necessary information, which included his bank statements for R. This proof of entitlement exercise was essential for Santander, and I think the questions asked and level of information requested was fair. However, Santander hadn't received any further details from R, which meant it had to move forward with incomplete information.

Mr H has said that Santander took far too long to complete its review of his account, and this had a detrimental impact on his business. Mr H says he had no online access to his account and Santander should've asked R for details sooner than it did. Mr H said Santander's communication was poor and it should've been clearer about the block and review.

I've looked at the information Santander has provided about what it was doing as part of its review. I recognise the overall time this situation took had an impact on Mr H. But the fundamental issue here is that Santander was entitled – as a matter of principle – to do what it did. Its main focus was obtaining evidence from Mr H and following this it contacted R.

Mr H says Santander only contacted R once it had made the decision to end its relationship with Mr H and he queried this. Given the serious impact an account block can have there is an expectation that businesses should conduct any review without any undue delay. Based on the timeline of events I do think Santander could've been pro-active and contacted R again for more details sooner than it did. However, based on the evidence I've seen I don't think compensation would be appropriate in this case. Especially given Santander was acting in line with the account terms and its regulatory obligations.

Mr H also refers to the communication from Santander being poor and he was unable to access online banking. When an account is blocked it is common for online access to be restricted. I understand this would've caused a level of inconvenience, but as explained, I think this was a necessary step to take for the review to be carried out. Mr H's account was also able to receive payments in, but payments out were not permitted. Santander has explained that Mr H could access wages and benefits during this period. Mr H said he received a large payment in that was related to his business and he was unable to utilise these funds to pay individuals. I appreciate this would've caused issues for Mr H, but as explained the block was necessary and I don't think Santander should compensate Mr H for the action it took to stop potential fraud.

Santander's review of Mr H's account led to its ultimate decision to close the account. Mr H was provided with 30 days' notice to make alternative arrangements. The terms and conditions of Mr H's account allow it to close the account in this manner. Santander is entitled to set its own policies about who it will offer services to and it will take a risk based

approach. It is not in my remit to say what policies or risk appetite Santander should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly. As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. Based on the evidence I've in Mr H's case I'm satisfied Santander reached the decision to end its relationship with Mr H fairly.

I appreciate this process has been a frustrating experience for Mr H and I know my decision will be disappointing. But I hope my explanation provides Mr H with some clarity, and he understands that his concerns have been carefully considered.

### **My final decision**

My final decision is that I don't 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 10 December 2024.

Chandni Green  
**Ombudsman**