

The complaint

Mr A complains that Santander UK Plc unfairly closed his account and took too long to release his account balance back to him.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr A had a basic bank account with Santander that he opened in February 2020, after being released from prison. Mr A says he used the account to receive his DWP benefit payments and withdraw cash to pay for everyday living expenses such as groceries. He's also explained that he didn't use the account to pay his bills, instead he paid his bills through payment cards.

In February 2022, Santander reviewed Mr A's account. Whilst it completed the review Santander blocked Mr A's account. Following this Santander decided to close Mr A's account immediately and issued a cheque to Mr A for the closing balance, which at the time was just over £5,000. In response, Mr A contacted Santander and explained that he didn't have any other bank account to cash the cheque and asked for a new cheque to be issued, which Santander did. However, following this Mr A continued to struggle to open another bank account so he wasn't able to deposit the cheque. He asked Santander to issue a third cheque in November 2022, as the second cheque was due to expire, which Santander provided to him. However, Mr A continued to have bank account applications declined, so he still wasn't able to deposit the cheque.

Mr A complained to Santander about closing his account. He asked Santander to reopen his account as he was having a lot of problems opening another bank account. He also complained that because he didn't have any other bank account, he couldn't deposit any of the cheques Santander had issued for his closing balance. So, he said that Santander should have transferred his balance. Because he couldn't cash any of the cheques' he wasn't able to pay his rent, bills, legal costs and cover the costs for repairs to his home.

In response, Santander said it hadn't done anything wrong when it had closed his account and it wasn't willing to reopen Mr A's account. Santander said that it had closed the account in line with the terms, conditions, and relevant regulations. And that it had issued a cheque for the closing balance in line with its processes.

Unhappy with this response Mr A brought his complaint to our service where one of our investigators looked into what had happened. As part of his investigation the investigator asked Mr A for more information about how he used his account and if he had managed to open another bank account. Mr A explained that he had tried to open around ten bank accounts, but he had either been refused at the application stage or had the accounts closed soon after they were opened. Mr A provided the investigator with letters from several different banks which confirmed what he'd said.

Mr A said he hasn't given Santander any reason to close his account and that he needs an account to be able live a normal life. He's said that he had used his account properly. He believes Santander discriminated against him when it closed his account because the police contacted the bank for information about his account, and they then found out about his previous conviction. So, he thinks Santander closed his account unfairly and should reopen his account. He also said that Santander took too long to give him back his closing balance and told him it could only issue him with a cheque, which made it difficult for him to access his money.

The investigator looked at all the information and circumstances of Mr A's complaint. He didn't think Santander had treated Mr A fairly when it had closed his account. And that Santander hadn't shown that it had considered the regulations relevant to the type of account Mr A had when it decided to close the account. However, he said this hadn't impacted Mr A's ability to open another bank account.

The investigator didn't think Santander had done anything wrong when it issued a cheque to Mr A for his closing balance. He didn't think the bank had caused any delays in doing so, and that the issues Mr A encountered had been caused by him not being able to open another bank account, rather than anything Santander had done wrong. Since bringing his complaint to our service, Santander has released Mr A's balance to an account he has recently been able to open.

Santander agreed with the investigator's view. Mr A didn't. He said Santander closed his account unfairly and took too long to release his balance to him. He says Santander should have offered him an alternative method of getting his balance, as it has now done, so that he could get his money much sooner than he did. So, he says he has been without his funds for longer than necessary, which has caused him a lot of financial problems.

As no agreement could be reached the matter has come to me to decide. Before I issued my decision, I asked the investigator to obtain some more information from Mr A about how he used his account and whether he had managed to open any other bank account. Mr A provided a breakdown of how he used his account and managed his day to day living expenses. He said he'd managed to open a prepaid card account after Santander closed his account. I sent this information to Santander and asked them for more information about why it had closed Mr A's account, which it provided.

I reviewed all the information Santander and Mr A provided in response to my requests. Having done so, I reached a different conclusion to the investigator and issued a provisional decision in which I said the following:

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it. Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether Santander has treated Mr A fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

Santander has important legal and regulatory obligations it must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. To comply with its

responsibilities Santander will monitor accounts and carry out specific or occasional checks, which is common industry practice, which is what Santander did here.

Santander isn't obliged to reveal the reason(s) for reviewing Mr A's account. But I've considered the basis for the review, which I find was legitimate and in line with its legal and regulatory obligations. So, whilst I appreciate Mr A was caused inconvenience, I can't say Santander have done anything wrong when it reviewed and blocked his account.

I'll next deal with the closure of Mr A's account. Santander has the commercial discretion to close accounts. It's entitled to close an account just as a customer may close an account with it. But it must do so in line with the terms and conditions of the account. The terms and conditions of Mr A's account, which Santander and Mr A had to comply with, say that it could close the account by giving him at least two months' notice. In certain circumstances Santander could also close the account immediately, which is what happened here.

Mr A had a basic bank account with Santander. These types of current account are intended for people who don't have and don't qualify for standard current accounts. In order to be eligible for a payment account with basic features an individual shouldn't hold a payment account with any United Kingdom credit institution that has at least the features of a basic bank account. I'm satisfied that Mr A was eligible to open the account when he did as he had no other bank accounts at the time.

When closing a basic account, along with the terms and conditions of the account, Santander also had to consider the provisions of the Payment Accounts Regulations 2015 (PAR 2015). Amongst other things they set out when an account provider can close a basic bank account. Closure is only permitted in certain circumstances – one of them involves the conduct of the account and the way it is being run. Another reason is if the consumer has access to another payment account in the United Kingdom which allows the consumer to make use of services offered by a basic bank account and was opened after the payment account with basic features.

Mr A has only recently been able to open another account – a prepaid account. This type of account doesn't offer the same features as a basic account – for example it doesn't allow direct debits or benefits to be paid into it. So, Santander couldn't rely on this as a reason to close Mr A's basic bank account.

But the PARs 2015 form only part of a much broader regulatory landscape which firms like Santander need to consider when making decisions in relation to accounts, so I have not considered them in isolation. On balance when considering Santander's wider regulatory responsibilities and all the information available to me, which includes how Mr A was using his account, I find Santander had a legitimate basis for closing Mr A's account immediately and not tell him why. So, I don't find Santander treated Mr A unfairly when it closed his account.

I've considered carefully what Mr A has said regarding his conviction and the police getting in touch with Santander to investigate his account. Mr A has explained that he is innocent and intends to appeal his conviction. So, he says it would be unfair for Santander to base its decision to close the account on this and the police contacting them. I can't comment on Mr A's previous conviction and whether he is innocent as he has explained, that is matter for him to pursue through legal channels. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly.

While I appreciate how this made Mr A feel and his perspective on why Santander took the actions it has, I have to consider if other customers in similar situations would have been

treated the same way. Having looked at all the evidence, I haven't seen anything to show that Santander would have treated another customer with similar circumstances any differently than Mr A. So, I can't say Santander treated Mr A unfairly because he has a conviction and the police wanted information about his account.

Mr A has also complained about how long it took Santander to release his balance back to him and that he was sent a cheque which he was unable to cash. I can see that Santander followed its processes in sending Mr A a cheque for his balance, and it reissued the cheques after Mr A told them he hadn't been able to deposit any of the cheques it had issued to him. I can see that Mr A had to ask Santander for three cheques over a number of months.

From looking at what happened, I'm satisfied that the cheques were reissued because Mr A wasn't successful in opening another bank account rather than anything Santander did wrong. So, it wouldn't be fair of me to hold Santander liable for this as it seems to me that the delay in Mr A being able to access his funds was because he couldn't secure an account elsewhere. I can see that once he was able to do so, Santander arranged for his balance to be transferred into his new account. Something it wasn't able to do until recently. So overall, I can't say Santander took too long to release Mr A's balance and that it did anything wrong in providing Mr A cheques for his closing balance when it did so.

In summary I realise Mr A will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I can't conclude that Santander have treated Mr A unfairly. So, I won't be telling Santander to do anything to resolve Mr A's complaint.

Santander accepted my provisional decision. In response Mr A raised a number of points. In summary he said:

- He asked Santander to issue him with a banker's draft cheque, but they didn't do this
- Santander refused to transfer his account balance to another account even if he had provided account details to them. They stated that the only means of returning his money to him was via a cheque. Santander only agreed to transfer the funds once the Ombudsman became involved
- The transfer didn't go smoothly, and he had to make several phone calls to make this happen

Following this I asked the investigator to contact Santander for their comments on what Mr A said in response to my provisional decision. In summary, they provided call recordings of conversations the bank had with Mr A on 13 April 2022. Santander also said:

- Following the bank's call with Mr A on 13 April 2022, a request was raised via the bank's back office to reissue a cheque to Mr A for his closing balance, a cheque was reissued. Mr A didn't complain about the type of cheque that was reissued.
- Typically, cheques are issued when the bank closes an account, and Mr A didn't ask for the funds to be transferred to another account.

I reviewed everything afresh and reached a different decision to the one set out in my provisional decision, which is repeated above and forms part of this decision. I issued a further provisional decision in which I said the following:

Having looked at all the evidence afresh, I remain of the view, for the reasons set out in my provisional decision, which are repeated above and form part of this decision, when

considering Santander's wider regulatory responsibilities and all the information available to me, which includes how Mr A was using his account, that Santander had a legitimate basis for closing Mr A's account immediately and not tell him why. So, I don't find Santander treated Mr A unfairly when it closed his account.

However, after listening to the call recordings of the conversations Mr A had with Santander in April 2022, about his closing balance, I'm minded to reach a different conclusion to what I said in my earlier provisional decision.

Mr A has complained that he had to wait too long for Santander to release his closing balance to him. He's consistently told this service that because he didn't have any other bank account, he asked Santander to issue him with a cheque that he could simply cash at the counter. Having listened to the calls I'm satisfied that Mr A clearly told Santander that he didn't have any other bank account and needed a cheque that he could cash at a counter – in other words a banker's draft. So, that he could access his funds.

Santander hasn't provided a satisfactory explanation for why it didn't issue Mr A with this type of cheque. It has simply said that a cheque was reissued by its back office and because Mr A never complained about the type of cheque that was sent to him, it hadn't done anything wrong. But based on the new evidence, I don't agree. I'm satisfied that Mr A did ask for a banker's draft and I've not seen any reason why Santander couldn't have complied with Mr A's request. If it had done so, I think it's likely Mr A would have been able to access his funds much sooner than he did, which wasn't until Mr A had been able to open another account and the investigator arranged for the transfer of his funds in early 2023.

In this case Mr A has been deprived of these funds for a considerable period of time – money that he should have had available to him to use as he wanted. Because of the length of time, I can't say for sure what the specific cost of not having these funds available would be. It will have influenced a whole host of decisions about spending and borrowing over that time. To attempt to rework or reconsider Mr A's financial decisions over the period he was without his funds would be incredibly arduous, and not within the remit of our service to resolve complaints quickly and with the minimum of formality.

With that in mind I'm currently satisfied awarding 8% simple interest on the amount for the period it wasn't available to Mr A is appropriate. It is a reflection of the cost of being deprived of these funds. It's also in line with the statutory interest rate on judgement debts.

In summary, I'm satisfied that Santander treated Mr A fairly when it closed his account. But Santander could have released Mr A's closing balance back to him sooner than it did. I think adding interest to the balance of Mr A's account fairly compensates him for the loss of use of this money.

To put things right I said Santander should Pay Mr A 8% simple interest per year for the sum in Mr A's account from 13 April 2022 until the date the funds were released back to him.

Santander didn't accept my second provisional decision. In response it said:

- Typically, cheques are issued when the bank closes an account, to the address that the bank has on file for the customer.
- If a customer is unable to deposit a cheque as they cannot open a new account in their name, a counter cheque/bankers draft would not resolve this issue. A counter cheque or banker's draft would be made out to the customer and would still need to be paid into an account in their name. So even if this had been done, Mr A would still

have been in the same position due to his inability to open a new account.

- There are alternatives to depositing a cheque into a bank account such as a prepaid card like the one Mr A has now been able to open as well as third party services offering a cheque cashing service.
- Given the above the bank doesn't agree to pay 8% interest on the closure funds.

Following the bank's response, I asked the investigator to make Mr A aware of Santander's comments and asked him why he wasn't able to pay the cheque issued into another account, held by a friend or relative, if he had countersigned the cheque that was originally issued to him by Santander when the bank closed his account. Mr A didn't respond to my questions and didn't provide any further information. He said had provided everything previously.

Now both sides have had an opportunity to comment I can go ahead and issue my 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.

Having looked at all the evidence afresh, for the reasons set out in my provisional decisions, which are repeated above and form part of this decision, when considering Santander's wider regulatory responsibilities and all the information available to me, which includes how Mr A was using his account, that Santander had a legitimate basis for closing Mr A's account immediately and not tell him why. So, I don't find Santander treated Mr A unfairly when it reviewed and closed his bank account.

After reviewing the responses to my second provisional decision regarding how long it took Santander to release Mr A's closing balance, I'm satisfied that the cheques were reissued because Mr A wasn't successful in opening another bank account rather than anything Santander did wrong. I'm also persuaded that even if Santander had issued Mr A with a counter cheque/banker's draft that this wouldn't have resolved the problems Mr A encountered trying to cash the cheque – that's because he would have still needed to deposit the cheque into an account in his name.

So, it wouldn't be fair of me to hold Santander liable for this as it seems to me that the delay in Mr A being able to access his funds was because he couldn't secure an account elsewhere. And not because of anything Santander did wrong. I can see that once Mr A was able to open an account, Santander arranged for his balance to be transferred into it. Something it wasn't able to do until recently. So overall, I can't say Santander took too long to release Mr A's balance and that it did anything wrong in sending Mr A cheques for his closing balance when it did so. This means I am no longer going to direct Santander to pay Mr A any interest for loss of use of his funds as set out in my second provisional decision.

In reaching this conclusion I've kept in mind that Mr A hasn't offered any explanation for why he was unable to deposit any of the cheques Santander sent to him, into a friend's or relative's account, or why he wasn't able to use a third party cheque cashing service, which may have led to Mr A being able to access his funds sooner than he did.

My final decision

For the reasons I've explained, 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 A to accept or reject my decision before 15 April 2024.

Sharon Kerrison
Ombudsman