

## **The complaint**

Mr O complains that Santander UK Plc blocked and then closed his account without notice and without proper reason. As a result, he was put to significant inconvenience, suffered distress, and incurred financial loss. He wants Santander to reinstate his account and pay him compensation.

## **What happened**

Mr O held a bank account with Santander. At the end of March 2023, while he was abroad, he found out that his account had been blocked. At the time, it was overdrawn by nearly £3,000.

On 30 March 2023 Santander wrote to Mr O to tell him that it intended to close his account. It could not do so because of the overdrawn balance, but its letter said that it had frozen the account, meaning Mr O could not make any payments from it, although it would still accept credits.

Mr O complained about what had happened, but Santander said that it had been entitled to act as it had. It would not give reasons for blocking the account.

In May 2023 Santander explained to Mr O that, whilst the account could accept credits, he would need to contact the bank's credit support team to make payments to the account. It acknowledged that it had not explained this earlier and paid Mr O £50 by way of apology.

In July 2023 the overdrawn balance was cleared and Mr O's account was closed.

Mr O remained unhappy about what had happened. He said that the blocking and then closure of his account had had a significant impact. He had been abroad when the account was blocked and so had no access to funds. He had had to borrow money from an acquaintance in order to pay bills. His salary was due to be paid into the account and a loan payment was due to come out of it. He incurred a missed payment fee of £10 when the direct debit failed. He has had difficulty in opening an account with a different provider.

Mr O referred the matter to this service, where one of our investigators issued a preliminary assessment of it. The investigator took the view that Santander had acted unfairly by (in effect) closing the account without notice. It was entitled to close the account, but should have given Mr O notice that it intended to do so. The investigator recommended that Santander pay Mr O a further £150 by way of compensation. She did not recommend that it reopen the account.

Santander remained of the view that it had not acted unfairly but did nevertheless agree to offer Mr O £150 as the investigator had recommended.

Mr O did not accept the investigator's recommendation and asked that an ombudsman review the case.

## **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.

Generally, it is for a bank to decide whether or not to provide, or to continue to provide, banking services to an individual. We will not generally intervene in such decisions, as long as they are legitimately made. I am satisfied that Santander's decision to close Mr O's account was made for legitimate reasons.

Mr O says however that it was unfair that Santander blocked his account with immediate effect. Whilst the account remained open, that was only so that Mr O could repay the overdraft. The effect on him was that the account could not be used from the end of March 2023.

I have considered whether Santander was within its rights to "close" the account with immediate effect and, if it was not, what an appropriate remedy might be. Having done that, I believe that, if Santander did act unfairly, compensation of around £150 would be appropriate. Since it has already agreed to offer that sum (albeit reluctantly), I do not need to decide whether the bank acted fairly. It has done enough to put things right. In saying that, I have taken into account the £10 charge which Mr O had to pay as a result of a returned direct debit payment. I believe that £150 is enough to compensate Mr O for any inconvenience he has been put to and any distress he has suffered, as well as the charge itself.

## **Putting things right**

Santander has offered to pay the £150 which the investigator recommended. I will nevertheless make a formal award of that amount, so that the offer remains open for acceptance and so that Mr O can enforce it if necessary.

## **My final decision**

For these reasons, my final decision is that, to resolve Mr O's complaint, Santander UK Plc should pay him £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 4 June 2024.

Mike Ingram

**Ombudsman**