

The complaint

A company, which I will refer to as W, complains that Santander UK Plc unfairly blocked its savings account. W says that meant it didn't have access to funds needed for a property purchase.

What happened

One of our investigators looked at this complaint, then wrote to both parties to set out his findings. He said:

- In September 2022, W opened a savings account with Santander. The purpose of the account was to hold funds that W intended to use towards a deposit for a property it planned to purchase.
- W exchanged contracts on its property purchase on 1 November 2022, with an agreed completion date of 30 November 2022. At some point that completion date was extended by agreement to 16 December 2022. Our investigator did not think that first extension had anything to do with Santander's conduct.
- In early November 2022, Santander conducted a review of the account and became concerned that W was operating as a Non-Banking Financial Institution without the relevant license. Santander wrote to W on 9 November 2022 seeking information, and explained that if it didn't receive that information within 10 working days it would restrict W's access to its account.
- Santander did not hear from W, so it placed a block on W's account on 24 November 2022. Our investigator considered that was fair.
- W's director telephoned Santander on 5 December 2022, and explained why he didn't think W needed a license. He later made several more calls, and stressed that the completion date for W's property purchase was 16 December 2022. During those calls, Santander said it would not remove the block unless W showed that it had a relevant license, and W's director continued to insist that no license was necessary.
- W's director complained, and Santander responded on 19 December 2022 to say that it was satisfied it had applied the block correctly and that it needed further information before it could give W access to its funds.
- The vendor of the property W wished to buy served notice on W and gave it until 12 January 2023 to complete the sale. The vendors also required payment of additional interest.
- Santander removed the block on W's account on 4 January 2023 following a further review carried out by the bank. The bank wrote to W on the same day to confirm the block had been lifted. Our investigator thought that Santander could and should have lifted the block earlier. The bank did not receive any additional information between 5

December 2022 and 4 January 2023, and so he thought that the bank should have lifted the block shortly after W's director's 5 December 2022 phone call.

- W did not complete on its property purchase on 12 January 2023. W's representative said that although W had access to the funds in its Santander account on 4 January 2023, there was not enough time between 4 and 12 January 2023 for the relevant legal paperwork to be completed. W's representatives also said that one of W's investors "pulled out at the eleventh hour", and that W's lender unexpectedly said that they needed wet signatures on certain documents. Completion finally took place on 21 March 2023, with new terms following a down valuation by the lender (the original valuation having expired in January 2023).
- Our investigator didn't think that Santander was responsible for W's inability to complete on its purchase on 16 December 2022 or 12 January 2023. He noted that by 12 January 2023 W's account had been unblocked for around a week, and yet W was still unable to complete due to issues surrounding its investors and its lender. He thought that even if Santander had removed the block on the account earlier, it is likely that those same issues would still have prevented completion on 16 December 2022.
- Overall, our investigator didn't think Santander was responsible for any financial loss W may have suffered. However, he said that Santander's delay in removing the block caused inconvenience, and he recommended that Santander pay W £200 in compensation.

Santander accepted our investigator's findings, but W's representatives did not. Our investigator therefore told both parties that he intended to refer the complaint to an ombudsman for a final decision. He gave a deadline of 25 April 2024, and said that any further information the parties wished to provide should be with us by that date.

W's representatives said they did have additional information, and requested an extension until 30 April 2024. Our investigator granted that request, but we did not receive anything further. Our investigator then gave a final extension until 24 May 2024, and explained that if we did not receive any additional information an ombudsman would decide the case based on the evidence already submitted to us. We still did not receive anything further.

I am satisfied that both parties have had a fair opportunity to provide all the evidence that they wish us to consider, and so I am proceeding with my consideration of the merits of the complaint.

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 done so, I agree with our investigator's conclusions. I am satisfied that:

- Santander was entitled to place a block on W's account on 24 November 2022.
- Santander was wrong to leave the block on W's account up until 4 January 2023. The bank should have removed the block on or shortly after 5 December 2022.
- Santander's delay in removing the block did not cause W to suffer financial loss, but it did cause inconvenience. The bank's offer to pay £200 represents fair

compensation for that inconvenience.

I give more details about my findings below.

Banks in the UK are strictly regulated, and must take certain actions to comply with their legal and regulatory obligations. I think it was reasonable for Santander to have questions about W's business, and I also think that Santander was clear about what the consequences would be if W did not provide the information it requested. W did not answer the bank's questions, and so in principle I think the bank was entitled to put a block on W's account.

Santander lifted the block on 4 January 2023, but I see no reason why it could not have done that on or shortly after W's director called the bank on 5 December 2022. Santander did not receive any additional information from W after 5 December 2022, and so by that date I think W's director had already done everything he needed to do to allow the bank to remove the block.

However, I agree with our investigator that Santander's error in failing to lift the block from W's account on or shortly after 5 December 2022 did not cause W to suffer financial loss. W had access to its money on 12 January 2023, but was still unable to complete due to issues with W's investors and its lenders. I acknowledge that W's representatives say that those issues could have been resolved if Santander had removed the block earlier, but I can't see why the existence of the block prevented W resolving those matters.

Similarly, given the reasons why W was unable to complete on 12 January 2023 I am not persuaded that it would have been able to complete on 16 December 2022 even if it had had access to the money in its Santander account.

Putting things right

Whilst I don't think Santander's error caused W to suffer financial loss, I also agree with our investigator that Santander's decision not to remove the block until 4 January 2023 caused inconvenience. W's director called Santander several times after 5 December 2022, and he should not have needed to do so. I consider that £200 represents fair compensation for the inconvenience of having to make those additional telephone calls.

My final decision

My final decision is that I order Santander UK Plc to pay W £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 28 June 2024.

Laura Colman
Ombudsman