

The complaint

Mr M complains that Santander UK Plc blocked then closed his account unfairly, causing him significant inconvenience. He's also dissatisfied with the amount of time it took Santander to pay him the closing balance from his account.

What happened

In late 2022 Santander wrote to Mr M to say that it needed some important information. This was part of its regular "Know Your Customer" (KYC) checks. Mr M sent this promptly by recorded delivery. Unfortunately, it was lost in the post. When Santander didn't receive the information, it restricted access to Mr M's account. The restriction was later lifted after Mr M provided further information.

In April 2023 Santander wrote to Mr M to say that it regularly reviews its customers' accounts, and it unfortunately couldn't offer him banking facilities anymore. It said it was giving him two months' notice that his account would be closed on a date in mid-June 2023, and it would send a cheque for any closing balance. It said it wasn't able to give Mr M further information about how it had made its decision.

After Mr M contacted Santander about the closure notice, it confirmed that it needed further information. But it didn't change its mind about closing the account, and in May 2023 it sent Mr M another letter with a new closure date in mid-July 2023. Santander's notes show that at the beginning of June 2023 Mr M phoned it and provided some detailed information. But in mid-July 2023, when the two months' notice expired, Santander wrote to Mr M to say that his account was now closed. It enclosed a cheque for the closing balance of just over £465.

Mr M believes the timeframe which Santander gave him to provide the information it had requested was unreasonable, especially given that he needed to post the documents from overseas. He says that in the circumstances, Santander shouldn't have closed his account without contacting him first. He's pointed out that he's elderly and has dependents to support. His account with Santander was his only sterling account. And he says that as a result of Santander's actions, he didn't have access to his pension, which was his only source of income, for several months.

In its initial response to Mr M's complaint, Santander apologised for the service he'd experienced. It said that the issues he'd raised were caused by an error on its part. It said it had to carry out regulatory checks, but it realised that Mr M had done his best to provide everything that it had asked for. It said it couldn't reopen the account, but it sent Mr M a cheque for £100 as an apology for the poor service he'd received.

Mr M quickly discovered that most other account providers that he approached required account holders to be UK residents, so he had some difficulty finding an account provider that would allow him, as non-UK resident, to open an account in the UK. In the end, in September 2023, he opened an account that allowed him to receive bank transfers, but which wouldn't allow deposits by cheque. This meant that he was unable to pay in the cheques from Santander for the closing balance or the £100 compensation.

Mr M raised this with Santander, which acknowledged that it hadn't taken into account the fact that Mr M couldn't deposit cheques, and apologised for the fact that as a result, he hadn't been able to access the money for more than two months. It said it had credited Mr M's international bank account with £200 by way of apology. It added that the relevant departments had been contacted to try to reopen Mr M's account, but that as things stood, that wouldn't be possible. In the event, the transfer of the £200 was unsuccessful, and Mr M says Santander then told him it would be easier to pay the money into a sterling account.

In October 2023 Mr M gave Santander the details of his sterling account with his new provider, and asked Santander to transfer the closing balance on the account and the £300 compensation it had offered to the new account. Santander transferred the closing account balance to the new account around a month later.

Following contact from our investigator, Santander said that it was willing to offer a further £150 compensation for the delay in sending the closing account balance to Mr M, making the total compensation offered £450 in addition to the £50 already paid.

Our investigator initially thought that in addition to the compensation that it had already offered, Santander should pay Mr M £100 for the unfair closure of his account. But after receiving more information from Santander, she was satisfied that the closure of the account was in line with the terms and conditions. And she thought what it had already offered was fair and reasonable to compensate Mr M for the way it had dealt with the KYC review and the delay in sending Mr M the money from his account.

Mr M disagreed with the investigator's view, so the complaint's been passed to me.

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.

In reaching my decision I've taken into account everything Mr M has said. But I've focussed on what I consider to be the key aspects of the complaint, in line with our role as an informal dispute resolution service.

Santander carries out regular KYC checks to help it to ensure that it fulfils its legal and regulatory responsibilities. I don't consider that the deadline Santander gave Mr M was unreasonable. And if Mr M's response hadn't been lost in the post, it's likely that it would have reached Santander on time. Until Santander had the information, it couldn't be satisfied that it could meet its regulatory obligations. Taking everything into account, I don't consider that Santander acted unfairly by restricting the account once deadlines for responses had passed.

Santander's account terms and conditions provide that it can close an account at any time, and without specifying a reason, by giving two months' notice. When Santander closed the account in July 2023, two months had passed since the May closure notice, and nearly three months had passed since it first gave Mr M notice that it would be closing the account.

Although I understand that Mr M hoped that the closure might be avoided if he provided the information that Santander had asked for, Santander had already taken the decision to close Mr M's account. I'm satisfied that it acted in line with the account terms and conditions when it did so, and the notice of closure wasn't withdrawn.

In response to the investigator's original view, Santander pointed out that its terms and conditions provide that to be eligible for an account, the account holder must be permanently resident in the UK. Mr M lives overseas, so he doesn't meet that requirement. I know that Mr M feels strongly that this is unfair, and that the rules have changed since the UK's departure from the European Union. But Santander is entitled to decide who it's willing to offer banking services to, and even if it hadn't decided to close Mr M's account due to the incomplete KYC check, it would have been entitled to close the account on the basis that Mr M didn't meet the eligibility criteria.

Mr M suffered significant inconvenience as a result of the closure. This was compounded by the difficulties he faced in finding another provider that would allow him, as a non-UK resident, to open a sterling account in the UK. I sympathise with Mr M for the position he found himself in, and can appreciate how stressful it must have been. But I don't find that Santander acted unfairly in closing Mr M's account when it did. And it gave him the required notice, allowing him a chance to seek an account elsewhere. The difficulties Mr M experienced in finding another account weren't of Santander's making, and I don't consider that I can fairly hold it responsible for the delay in Mr M being able to open another account, or for the fact that he was unable to receive some payments into his new account.

Santander has apologised that its communication with Mr M about the blocking and closure of the account could have been clearer. It's apparent from the evidence provided that Mr M was frustrated that he was asked to provide information that he'd already given to Santander, and I think it would have been helpful if Santander had made it clear that a fresh KYC check was being carried out by a different team, and that this was separate from the original check. But I'm satisfied that it made it clear to Mr M that it still needed information. He eventually provided most of the information that Santander had asked for, but by then he'd already been given notice that the account was going to be closed. I've seen nothing to make me think that Santander gave Mr M reason to believe that the decision to close the account would be reversed or that the closure wouldn't go ahead in mid-July 2023, as it did.

I've borne in mind that more than a month passed between Mr M giving Santander the details of his new account and Santander transferring the closing balance to it. Santander has apologised for the delay, which I accept added to Mr M's inconvenience.

Mr M has said he would like us to make an example of Santander. But it's not my role to punish or fine the bank for making a mistake. Santander credited Mr M's account with £50 in June 2023 as a goodwill gesture. It has since offered a total of £450 further compensation. Having thought carefully about everything that's been provided, I don't consider that I can fairly require it to do more.

My final decision

My decision is that I uphold this complaint. I require Santander UK Plc to pay Mr M £450, as it has offered to do.

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

Juliet Collins
Ombudsman