

The complaint

Miss S complains about the service she received from Santander UK Plc (“Santander”) when she was trying to comply with its request for KYC information and documentation regarding her accounts with it. In particular she is unhappy Santander kept contacting her to provide information she’d previously provided, and that Santander closed her accounts and failed to reopen her current account in-line with her request.

What happened

Miss S lives abroad and held a number of bank accounts in her sole and joint names with another party with Santander. In July 2022 Santander wrote to Miss S requesting information in relation to her accounts. On 28 September 2022 Miss S spoke with Santander and answered its questions relating to the funds held within her accounts and the source of these funds. Santander asked her to provide proof of identity documentation and was provided with a link to upload the requested documents.

On 21 October 2022 Santander says it tried to contact Miss S by phone but were unsuccessful. On 31 October Santander spoke to Miss S and sent her another link to upload the required documents. On 14 November Santander blocked Miss S’s accounts as it hadn’t received the required information. Santander then unblocked the accounts on 5 December after the information was provided.

On 3 January 2023 Santander blocked the accounts for a second time saying it hadn’t received all of the requested information. Following a complaint Santander acknowledged it had received the required information but had failed to review it and unblocked the accounts on 9 January.

Santander agreed that it hadn’t provided the level of service it should have when requesting information in relation to KYC and compensated Miss S and the joint account holder £125 for the distress and inconvenience this caused.

Following this on 30 January, Santander sent a letter to Miss S saying her accounts would be closed on 30 March. It was explained over the phone to Miss S that it still required some information from her and so Miss S provided the requested information the following day.

On 1 February Miss S phoned in and was told there was still information outstanding. Miss S was sent a further link to upload the required information which she did. Miss S followed up with Santander on 7 February and it confirmed it had received all the required documentation and restrictions were removed from the accounts and Santander’s notes record the accounts were not to be closed.

On 30 March Santander closed Miss S’s accounts and sent her cheques for the account balances. On investigation Santander found that due to poor communication the accounts had been closed in error. Santander reopened all but Miss S’s everyday account ending in 163 on 26 April. Miss S complained and Santander responded apologising for the inconvenience but said that this account hadn’t been closed in error and so wouldn’t be

reopened and that it was entitled to take this action under the terms and conditions of the account.

At the end of May 2023, Santander once again contacted Miss S for further information which she provided. Unfortunately, the proof of address provided didn't meet its requirements. Miss S explained as she lived abroad things were done differently and she wasn't able to provide the requested information. Santander didn't accept this and asked for a valid proof of address to be provided. As Miss S wasn't able to provide the required information the account was restricted again in June, following which Miss S's remaining accounts were closed.

Santander have since said the current account had been scheduled to be reinstated along with the rest of Miss S's accounts but wasn't due to an oversight.

Miss S was very unhappy with Santander's response to her complaints and so referred them to this service.

One of our investigator's looked into Miss S's concerns and although they had some sympathy for Miss S, reached the conclusion that Santander has a duty to ensure information it holds on its customers is correct as well as ensuring it knows the source of their wealth and of the funds that run through the accounts.

They didn't think Santander had done anything wrong when it applied restrictions to the accounts the first time in November 2022 as it hadn't received all the information requested but thought Santander had made errors in blocking the accounts on 9 January 2023 and by closing Miss S's accounts in April 2023 as it had received the information it had requested. Furthermore, Santander failed to properly correct its mistake as one of Miss S's accounts wasn't reinstated when it should have been.

They acknowledged the frustration Miss S felt to be contacted again after this in May 2023 asking for further information – especially after the previous problems she'd experienced. But thought Santander were entitled to ask for further information if it wasn't satisfied what it held was sufficient as it was entitled to request the documentation it needs to ensure it met its regulatory obligations. And so as Miss S wasn't able to supply the documentation they didn't think Santander did anything wrong by restricting the accounts again in June 2023.

But they did think that Santander should compensate Miss S £200 for the distress and inconvenience for the errors it had made during the process, such as wrongly blocking the accounts in January 2023 and closing the accounts in April 2023. They explained that when considering the impact of Santander's mistakes and the amount of compensation that would be fair, that they'd taken into account compensation recommended in a separate complaint raised regarding Miss S's joint account. This was because much of the contact Miss S had with Santander and the information she was asked to provide, was regarding both her joint and sole accounts at the same time.

Santander accepted our investigator's recommendations, but Miss S disagreed. She doesn't think the compensation is enough and has asked for an ombudsman's 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.

Firstly, it should be noted that Miss S holds more than one account with Santander and this decision only relates to the actions Santander took on her sole accounts. Any complaint

points surrounding her other joint accounts held will be dealt with under separate complaints as per the rules of this service.

I hope that Miss S won't take it as a discourtesy that I've condensed her complaint in the way that I have. The facts of this complaint are well known to both parties and so I don't see the merit in repeating them in more detail than what I have in the background above.

I've concentrated on what I consider to be the crux of the complaint. Our rules allow me to do that. And the crux of this complaint is regarding the service received from Santander regarding the repeated requests for KYC information and its processes surrounding this.

As we are not the regulator, I don't have the power to tell Santander how it needs to run its business and I can't make Santander change its systems or processes – such as when it requires it to conduct due diligence checks or how they are carried out. This is simply not something I can get involved with. Nor can I say what procedures Santander needs to have in place to meet its regulatory obligations. We offer an informal dispute resolution service, and we have no regulatory or disciplinary role.

That said I don't think it was unreasonable for it to have systems in place that trigger due diligence checks from time to time on customers in to meet its regulatory requirements. I appreciate this did cause some inconvenience and difficulty to Miss S as she held multiple accounts some held jointly with third parties and lived abroad. But I'm sure Miss S understands this is needed not only to protect the banks against criminal activity, but also their customers.

And I don't think Santander have been unreasonable in the information it asked for. I appreciate Miss S thinks some of the information and questions asked were intrusive or unnecessary, but as our investigator has explained businesses are required to hold certain information about their customers including their source of wealth and the funds that run through their accounts to satisfy itself that it is complying with regulatory obligations.

I understand Miss S had some difficulty in uploading the documents required possibly due to living abroad and that caused her some issues. But as soon as Santander was aware of the problem, I can see that it quickly provided a resolution that worked and Miss S was then able to upload the documents and information needed so I don't think Santander did anything wrong here.

However, that is not to say it did everything right. I think most would accept sometimes one has to deal with personal administrative matters that crop up and there's no doubt this causes some inconvenience. On being notified that Santander needed Miss S to provide ID and other and information – she was understandably inconvenienced, but nevertheless duly tried to do what was asked and was repeatedly told that Santander had the information that was required. Yet despite this, her accounts were blocked, then unblocked, closed then reopened, then blocked again due to errors in Santander's processes and its poor communication.

This caused Miss S more distress and inconvenience than I think was reasonable in the circumstances, as she'd thought she'd done all that was required and was also assured by Santander that was the case.

Santander has already accepted it made some errors in the service it provided regarding this and so I don't need to make a finding on this point. Rather what I need to decide is what Santander needs to do to put things right for Miss S.

Given the consequences of not providing the information Santander required – such as the

accounts being blocked and or closed – I think Santander should've taken more care to ensure Miss S was fully informed about what was needed and that it checked it had this information before taking the sort of action that would undoubtedly cause much distress and inconvenience.

Miss S has spent more time than necessary having to sort this matter out through no fault of her own. On more than one occasion she thought she'd complied with Santander's requests and was no doubt left anxious after each occasion about whether she had done enough or whether her accounts would be blocked again or indeed closed.

And so, to put things right I think Santander should compensate Miss S for the distress and inconvenience this caused and I'm in agreement with our investigator that compensation of £200 is fair taking into consideration any other compensation awarded in separate complaints regarding the same matter.

Santander has already accepted this, but Miss S doesn't agree this is enough. I appreciate Miss S feels it is unfair that Santander asked her to provide information after which she thought she'd ready satisfied its requests, but Santander is entitled to review the situation and it's not for me to say what information Santander requires to meet its regulatory requirements and so I can't say Santander did anything wrong in asking for Miss S to provide identity documentation that meets its criteria.

So I think £200 compensation is fair and in-line with what this service would usually recommend and I'm not persuaded any further uplift on this is warranted or would make a material difference to Miss S's situation.

So it follows that I uphold this complaint and direct Santander to pay Miss S compensation of £200 for the distress and inconvenience caused by the poor service received in relation to Santander's KYC requests.

My final decision

For the reasons I've explained, I uphold Miss S's complaint against Santander UK Plc and direct it pay £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 21 October 2024.

Caroline Davies
Ombudsman