

The complaint

Mr M and Miss S complain that Santander UK Plc (“Santander”) kept contacting them to provide information they’d previously provided. When trying to comply Mr M and Miss S had trouble uploading the documents resulting in their accounts being blocked several times and closed once by mistake. Mr M doesn’t believe Santander has the right to ask for information on their external bank accounts and the source of their wealth and has concerns about the security of the information provided.

What happened

Mr M and Miss S live abroad and held a joint bank account and sole accounts in each name with Santander. In August 2022 Santander contacted Mr M asking him to provide financial information. For security reasons, he didn’t feel comfortable answering the advisor’s questions, so a letter was sent to confirm the information request was legitimate. Santander’s notes record they made Mr M aware his accounts could potentially be restricted if the requested information wasn’t provided.

In September 2022 Mr M and Miss S spoke with Santander and answered its questions relating to the funds held within their accounts and the source of these funds. Santander asked them to provide proof of identity documentation and they were 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 2022 Santander spoke to Miss S and sent her another link to upload the required documents. Mr M and Miss S say they weren’t able to use the link to upload the documents and having not received the requested information the account was blocked on 14 November 2022.

Mr M complained to Santander on 23 November 2022 that they’d been asked to provide further documents when he believed he’d supplied all documents needed. Santander responded to say they needed to speak with him to confirm more details. On 5 December Santander spoke to Mr M and discussed the documents that were still required. The accounts were unblocked, and a document uploader was sent to Mr M to provide them.

Mr M phoned Santander on 7 December as he was unable to use the document uploader. It was established that the difficulties they were experiencing was due to Mr M and Miss S residing overseas and not having a UK post code needed to upload the documents. So, to resolve the matter Santander provided them with a UK post code to use and they were able to provide the documents requested.

On 3 January 2023 Santander blocked the account for a second time saying it hadn’t received all of the requested information. Mr M complained and said all documents had been provided.

Santander acknowledged they’d received the information but had failed to review it and unblocked the account on 9 January 2023. Santander agreed that it hadn’t provided the level

of service it should have when requesting information in relation to KYC and compensated Mr M and Miss S £125 for the distress and inconvenience this caused.

Following this on 30 January, Santander sent a letter saying the account 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.

Santander closed Mr M and Miss S's joint account on 3 April 2023 and sent them a cheque for the account balance. Mr M complained to Santander who investigated and found that again the relevant information had been provided but due to poor communication the account had been closed in error. Santander reopened the account on 26 April and the cheque was cancelled and funds credited to the account. Santander offered Mr M and Miss S £100 for the distress and inconvenience caused which they didn't accept.

At the end of May 2023, Santander once again contacted Miss S for further information which she provided. Unfortunately, the proof of address and statements 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. Having not received this the account was blocked on 28 June and following this Mr M asked for the account to be closed and this was actioned on 28 July.

Mr M and Miss S being unsatisfied with Santander's response to their complaints and so referred them to this service.

One of our investigator's looked into their concerns and although they had some sympathy for Mr M and 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 account. They acknowledged that Mr M and Miss S felt they had no choice but to close their joint account, but again, didn't think Santander had made an error as it was entitled to ask for proof of address that met its requirements. And so couldn't say it did anything wrong by restricting the account again in June as it was doing so in-line with this.

Nor did they think it had done anything wrong in retaining the information provided or saw any evidence the personal information supplied hadn't been kept secure or handled correctly and that Santander had made any errors in this regard.

But they did agree that Santander should compensate Mr M and Miss S a further £225 for distress and inconvenience (in addition to the £125 paid) for the errors it had made during the process, such as failing to correctly check its systems to locate information which caused it to wrongly block the account in January 2023 and close the account in April 2023. They also recommended Santander reimburse Mr M and Miss S for any call costs incurred regarding this on the production of evidence of those costs.

Santander accepted our investigator's recommendations, but Mr M and Miss S disagreed. They don't believe the compensation reflects the harassment and incompetence they say they endured for nearly a year and have 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 Mr M and Miss S hold more than one account with Santander

and this decision only relates to the actions Santander took on their joint account and Mr M and Miss S's complaint about this. Any complaint points surrounding their other accounts held in their sole names will be dealt with under separate complaints as per the rules of this service.

I hope that Mr M and Miss S won't take it as a discourtesy that I've condensed their complaint in the way that I have. Ours is an informal dispute resolution service, and 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 order to meet its regulatory requirements. I appreciate this does cause some inconvenience to Mr M and Miss S especially as they hold more than one account and live abroad, but I'm sure Mr M and Miss S understand this is needed not only to protect the banks against criminal activity, but also their customers.

I understand Mr M having some concerns regarding the authenticity of the call in August 2022 but given the need for a timely response and that Santander sent a letter confirming the request was legitimate following this, I don't think Santander acted unreasonably here.

Nor do I think Santander have been unreasonable in the information it asked for. I appreciate Mr M and Miss S may feel 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.

Mr M and Miss S also have some concerns about the security of the information they supplied and how the information is handled. But Santander as well as it being under an obligation to request and retain this information, is also under an obligation to ensure that this is done in a secure way and I haven't seen any evidence Santander have made any mistakes in this regard. So, I can't say Santander has treated Mr M and Miss S unfairly here or done anything wrong.

So overall I don't think Santander has treated Mr M and Miss S unreasonably or unfairly when it requested information from them in order to comply with its obligations under KYC.

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 Mr M and Miss S to provide ID and other documentation and information – they were understandably a bit alarmed and inconvenienced, but nevertheless duly did what was asked. But despite this Santander failed to update its systems to show Mr M and Miss S had complied with its request and review the information they'd provided which resulted in it wrongly blocking their account on 3 January for six days and then wrongly closing their account on 3 April for almost three weeks.

This undoubtedly caused Mr M and Miss S some distress and inconvenience as they

thought they had done what was required. Furthermore, they were without their bank account or access to their funds for the duration of this period. Though it should be noted Mr M and Miss S did have access to alternative funds that they could use.

Santander has already accepted it made some errors in this regard and compensated Mr M and Miss S £125 as well as offering them a further £100 compensation. So I don't need to make a finding on this point. Rather what I need to decide is whether this is enough to put things right for Mr M and Miss S. And I don't think it is.

Given the consequences of not providing the information Santander required – such as the account being blocked and or closed – I think Santander should've taken more care to ensure Mr M and Miss S were 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.

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

And so I think Santander should pay further compensation to Mr M and Miss S for this and I'm in agreement with our investigator that further compensation of £225 to Mr M and Miss S is fair along with the reimbursement of their call costs on production of evidence of this.

Santander has already accepted this, but Mr M and Miss S don't agree this is enough. They say the closure of the joint account has meant rental payments have had to be diverted to Mr M's sole account which has caused problems. But ultimately, it was Mr M's and Miss S's decision to close the account – though I appreciate they felt they had no choice – but 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.

I think total compensation of £350 to put things right is in-line with what we'd usually recommend in situations such as theirs. And bearing in mind that this compensation is in relation to their joint account complaint only and not in relation to their complaints regarding their sole accounts, I'm not persuaded any further uplift on this is warranted or would make a material difference to their situation.

So it follows that I uphold this complaint and direct Santander to pay Mr M and Miss S a further £225 compensation for the distress and inconvenience caused and on the production of evidence reimburse them for any expenses incurred for calls made.

My final decision

For the reasons I've explained, I uphold Mr M and Miss S's complaint against Santander UK Plc and direct it pay a further £225 compensation (on top of the £125 already paid) and reimburse them for call costs incurred on receipt of evidence of this.

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

Caroline Davies
Ombudsman