

The complaint

Mrs D complains that Santander UK Plc blocked her account and stopped her from making a payment. Mrs D is also unhappy about the customer service she received in branch.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mrs D has a current account with Santander. Mrs D has explained that she used the account to save. She's said that she had other accounts which she used to pay bills.

In November 2022, Mrs D visited a branch to transfer £700 to her friend's account in Nigeria. Mrs D says the money was to pay for a hotel booking which her friend, who I will refer to as Mr B, had made on her behalf.

Whilst at the branch staff asked Mrs D the reason for the payment. Mrs D explained that she had befriended Mr B and that he was helping her with learning about the stock exchange through an academy and he was the coach. Mrs D said that Mr B was based in the states, and he was a medical professional who had an interest in investing. Though he lived in America, he had asked her to go to Nigeria where he would show her around/coach her in person. Mrs D told the branch staff that Mr B had booked a hotel for her and needed the payment for this. She said Mr B had sent her a screen shot, which was the confirmation of the booking.

The branch staff looked at some of the messages Mrs D had received from Mr B. And checked the name of the hotel using the internet which revealed a warning that said the hotel had often been used as part of scams.

The staff in the branch blocked the payment to safeguard Mrs D's account and told Mrs D that it was concerned she may have been the victim of a scam or fraud regarding the payment she wanted to make to Mr B. Mrs D wasn't happy and insisted that the payment was all above board. She said she had carried out her own research and believed Mr B was trustworthy and that there was no need to make such a fuss. And that she should be allowed to do what she wanted with her own money. Santander maintained its position and the police were called to the branch.

The police spoke to Mrs D to check on her welfare and said it would report things to their economic crime team. Mrs D says speaking to the police made her feel like a criminal, and said the experience was humiliating and embarrassing, because the police asked her about her mental health and at the time other customers were in the branch. Santander explained that it wasn't happy to make the payment. It also explained that the type of payment Mrs D wanted to make would attract a fee of £25. Mrs D said she wasn't happy about being charged to use her own money and left the branch, without making the payment.

Following this, because of the concerns the bank had about Mrs D, in order to safeguard her account, and to comply with its legal and regulatory obligations Santander blocked Mrs D's

account. This meant Mrs D wasn't able to access her account online and in order for Mrs D to access any of the funds in her account she'd need to visit a branch.

Mrs D discovered she couldn't access her account after leaving the branch when she tried to check her account online. Mrs D complained to Santander. She said there was no reason for the bank to block her account, that she knew full well what she was doing and hadn't fallen victim to any scam. She said the branch staff had made her feel stupid and were racist because it wouldn't allow her to send money to Nigeria.

Santander said it hadn't done anything wrong in declining to make the payment. However, it didn't let Mrs D know that she'd need to speak to the bank's fraud team in order for the block on her accounts to be removed. Mrs D then borrowed some money from a relative and used another account to make the payment to Mr B.

Mrs D called Santander again on 17 November 2022 to complain about not being able to access her account. She was put through to the fraud team and the block was removed.

Santander said it would look into Mrs D's complaint and said its complaint team would call her back to discuss what had happened. Santander's complaint team did try and call Mrs D, but when it did, Mrs D was busy on the phone to the police, who had called to check on Mrs D, so the bank couldn't talk to her about her complaint. However, it sent Mrs D a letter setting out what it thought about her complaint. Mrs D wasn't happy with this and said Santander should have tried calling her again.

In response to Mrs D's complaint, Santander said that it hadn't done anything wrong when it refused to make the payment and blocked Mrs D's account. It said it had done so to safeguard Mrs D's account.

Unhappy with this response, Mrs D brought her complaint to our service. She said that the staff in branch had racist attitudes and used discriminatory language when discussing Nigeria. Overall, she said the whole experience had been very upsetting especially because the police had been involved. So, she wants Santander to pay her compensation for the trouble and upset she was caused.

One of our investigator's looked into Mrs D's complaint. She said Santander hadn't done anything wrong when it refused to make the payment and had acted in line with the terms and conditions of the account. She thought Santander's concerns about Mrs D being a potential fraud victim were reasonable. And that the bank were following banking protocol when it had blocked Ms D's account to safeguard her money.

The investigator said that whilst she understood the questions Santander asked Mrs D would have made Mrs D feel uncomfortable, she was satisfied that Santander had asked them in order to check whether the payment Mrs D wanted to make was legitimate. And that Santander's actions were in line with banking protocol and its legal and regulatory obligations.

The investigator didn't think Santander had done anything wrong in how it responded to Mrs D's complaint – she said Santander had tried to call her, left a voicemail and sent a letter with contact details Mrs D could use if she wanted to discuss her complaint. The investigator also set out that it's not the role of our service to make a finding on whether the staff in branch had made discriminatory comments about Nigeria. However, the investigator said that Santander didn't let Mrs D know she needed to speak to the bank's fraud department to get the block removed when she contacted them on 16 November 2022. This meant Mrs D had to make another call the following day. So she said Santander should pay Mrs D £50 compensation for the inconvenience this caused.

Santander agreed with the investigator's recommendations. Mrs D didn't. She wants more compensation.

As no agreement could be reached the matter has come to me to decide.

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 deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant law and regulations, regulators rules, guidance and standards, codes of practice, and where appropriate what I consider to be good industry practice at the time.

Payment to Mr B

In broad terms, the starting position in law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account. But that's not the end of the story: Regulated firms like Santander are also required to conduct their 'business with due skill, care and diligence' (Financial Conduct Authority Principle for Businesses 2) and to 'pay due regard to the interests of its customers' (Principle 6).

And as a matter of good industry practice at the time, I consider firms should also have taken proactive steps to:

monitor accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.

Identify and assist vulnerable consumers and consumers in vulnerable circumstances, including those at risk of financial exploitation (something recognised by the Financial Conduct Authority (FCA) in recent years and by the British Bankers Association's February 2016 report 'improving outcomes for customers in vulnerable circumstances').

Look to identify and help prevent transactions – particularly unusual or out of character transactions – that could involve fraud or be the result of a scam (something also recognised by the British Institute's October 2017 'Protecting Customers from Financial harm as a result of fraud or financial abuse – Code of Practice', which a number of banks and trade associations were involved in the development of) and in relation to branch transactions – follow the Banking Protocol when available.

This means that there are circumstances, irrespective of the payment channel used, where a bank should, in my opinion, fairly and reasonably take additional steps, or make additional checks, before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm. The terms and conditions of Mrs D's account also set out that Santander can refuse any payment instruction if it reasonably suspects it relates to fraud or any other criminal act.

Having set out the relevant considerations, I need to decide whether Santander acted fairly and reasonable in not allowing Mrs D to make the payment to Mr B.

I can appreciate that this was an upsetting and frustrating situation for Mrs D. She has maintained that she hadn't fallen victim to any sort of fraud or scam. And that the payment she wanted to make to Mr B was for genuine reasons. She says she should be allowed to do what she wants with her money. And that Mr B is completely trustworthy.

Santander have legal and regulatory obligations to be alert to instances of fraud and scams. And to act in their customer's best interests. If they have good grounds to suspect that one of their customer's is in the process of being scammed or unwittingly allowing their accounts to be used for financial crime, they can refuse to process payments and restrict an account to protect them.

Santander has said that it believed Mrs D was the victim of a scam by Mr B. I can see that when Santander spoke to Mrs D about the payment, she showed them a screenshot of a photograph of a hotel booking and when they checked the hotel's website, they came across a warning that the hotel's details had been used in scams. The booking also hadn't been made by Mrs D herself, and it's not entirely clear to me why the booking had to be done by a third party. So, I can understand the bank's concerns and why the bank wanted to know more about the payment Mrs D wanted to make.

I've looked at all the evidence Santander has provided, which includes statements from the branch staff and what Mrs D has said about her relationship with Mr B. I've also kept in mind that the police were worried about the payment Mrs D wanted to make and reported things to its economic crime unit. When I weigh everything up, I can understand why Santander had concerns that Mrs D's account was being used for financial crime. So, I don't think the decision to refuse Mrs D's payment instruction was unreasonable in these circumstances.

I've also looked at Santander's account terms and conditions. They set out when Santander can delay or refuse to act on a payment instruction. The terms state that Santander will always follow an instruction unless one of a number of reasons apply and that they have a right to decline a faster payment instruction if they deem it necessary to conduct further checks. As a result of those checks Santander declined Mrs D's payment instruction. And decided to block her account.

Based on all the evidence, I don't think I can reasonably conclude Santander were at fault for doing so. I'm also satisfied that they did so in line with the terms and conditions of Mrs D's account. So, whilst I appreciate Santander's actions caused Mrs D trouble and upset, I can't say Santander did anything wrong or treated Mrs D unfairly when it declined to process the payment, she wanted to make to Mr B and blocked her account. I believe the decisions Santander took, were made in good faith and in an effort to protect Mrs D against losing her money to a potential scam or using her account for an illegal purpose. So, it wouldn't be appropriate for me to award Mrs D any compensation since I don't find Santander acted inappropriately.

Account block

Santander blocked Mrs D's account between 15 and 17 November 2022. I've already set out that I don't think Santander did anything wrong when it decided to block Mrs D's account. However, having looked at everything I don't think Santander's communication about the block was as good as it should have been. I agree with the investigator that Santander should have explained to Mrs D much sooner than it did about what she needed to do in order for the block to be removed from her account – which was that she needed to speak to

its fraud department. When Santander spoke to Mrs D on 16 November 2022 it failed to do this. The bank also didn't tell Mrs D that she could access her funds by going into branch. This meant Mrs D had to go to the trouble of making another call to the bank on the following day to find out what was going on and how she could access her account.

The investigator said that Santander should pay Mrs D £50 compensation. Mrs D doesn't think this is enough and wants more. I should explain that there isn't a set formula that we use to calculate awards for particular mistakes or poor service. It's my role to consider what impact Santander's actions have had on Mrs D and decide, within guidelines set by our service, whether compensation would be appropriate in the circumstances.

I've considered what Mrs D has said about how Santander's actions impacted her. I've no doubt this was a worrying and stressful time for Mrs D. She only found out about the block on her account when she tried to access her account – in other words by chance. She also had to contact Santander more than once to find out what she needed to do to get the block removed. So, I'm satisfied that she was caused trouble and upset.

Having considered the impact this had on Mrs D, I'm satisfied that £50 compensation recommended by the investigator recognises the impact of Santander's poor communication. Looking at the complaint as a whole I think this is a fair and reasonable way to resolve this aspect of Mrs D's complaint. So, I won't be asking Santander to do anything more. In reaching this conclusion, I've kept in mind that the restrictions on Mrs D's account were in place over a short period. I've also kept in mind that Mrs D had other accounts, and that the blocked account wasn't her main account – it was primarily used by Mrs D to save. So, I think this will have minimised the impact that the block had on Mrs D. I've considered Mrs D's further comments. But these don't change my conclusions. I appreciate that this falls short of the amount Mrs D is seeking, but for the reasons I have explained, I am satisfied that £50 is fair.

Complaint call-back

Mrs D says Santander should have tried to call her more than once to discuss her complaint. I can see that Santander's complaint team did call Mrs D on 17 November 2022. Unfortunately, Mrs D couldn't speak to Santander because at the time she was talking to the police, who'd called her to check on her welfare. So, Santander left Mrs D a voicemail. I don't think this was unreasonable – the timing of Santander's call was simply unfortunate. I can also see that Santander followed up its call with a letter, which contained contact details should Mrs D had wanted to discuss the matter further. Overall, I think Santander did enough to try and contact Mrs D. So, I can't say Santander have done anything wrong here.

Customer service and discrimination

Finally, Mrs D has said she feels the staff she spoke to in branch had a racist and discriminatory attitude towards Nigerian people. Our service doesn't have the power to make a finding of discrimination under the Equality Act 2010, as that's something only the Courts can do. I have taken on board what Mrs D has said when considering whether Santander treated her fairly and reasonably. And considered the relevant when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010 (The Act).

Taking everything into account, I appreciate Mrs D says the branch staff actions were based on racism, but I've not seen any evidence of that. And I've not seen any evidence that Mrs D was treated unfairly by staff when she visited the branch. So, I won't be asking Santander to do anything more to resolve this aspect of Mrs D's complaint.

In summary, having looked at all the evidence and circumstances of this complaint, and although I recognise Mrs D's distress here, I'm partially upholding this complaint. To put things right I require Santander UK Plc to pay Mrs D £50 for the trouble and upset caused by its poor communication.

My final decision

For the reasons I've explained, my final decision is that I partially uphold this complaint. To put things right Santander UK Plc should pay Mrs D £50 for the trouble and upset caused by its poor communication when it blocked her account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 23 August 2024.

Sharon Kerrison
Ombudsman