

The complaint

L is a company, which has been represented in bringing this complaint by its directors, Mr W and Mr H.

L complains that Santander UK Plc wrongly blocked its account without notice while it carried out a review.

What happened

In February 2024 Santander contacted L, seeking information about some of its business activities. Mr W says it provided that information almost immediately, but that Santander had already placed a block on L's account. In addition, rather than lift the block, Santander asked for further information.

This sequence repeated itself until Santander had made four requests for information between late February and early April 2024. The block on the account was lifted around 5 April 2024.

L had an account with a different provider, and was able to advise clients to send payments to that account. But direct debits from the Santander account could not be taken, resulting in missed payments and fees. In addition, L's other account provider applies a monthly fee. Mr W has said that he does not want to ask his clients to switch payments back to the Santander account, and so has included in his claim for compensation the future bank fees which L will have to pay. He has calculated L's total losses as a result of Santander's actions to be in excess of £60,000, once lost professional fees, time, and loss of reputation are taken into account.

The complaint was referred to this service, and one of our investigators considered what had happened. Having done so, she issued a preliminary assessment. She did not recommend that the complaint be upheld. Mr W did not accept that assessment and asked that an ombudsman review the case/

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.

Mr W appears to accept that Santander was within its rights to carry out a review of L's account and to seek information in order to do that. It is correct that banks and other financial institutions have certain legal and regulatory obligations and that, to fulfil them, they may need to review accounts. In some cases, they may need to restrict or block accounts while a review is carried out. And they do not necessarily have to give advance notice that an account will be blocked. I agree with the investigator that Santander was entitled to block L's account without notice while it carried out its review.

Mr W says that the requested information was provided without delay and that the account should have made operational as soon as the first information request was complied with. Instead, Santander asked further questions.

I appreciate that it would have been less inconvenient if Santander had asked one set of questions and received one set of replies. However, the information which Santander needed was relatively complex and quite detailed. Perhaps more significantly, some of the information which was provided prompted further questions, which I don't believe Santander could reasonably have anticipated.

Whilst the review may have taken longer than either Mr W or Santander would have wanted, I don't believe the time taken was unreasonable in the circumstances. I think Santander progressed the review in a timely manner.

I note that Santander did tell Mr W in the early stages of the investigation that it expected it to be completed within 48 hours. In fact, it was a further four to five weeks before the account block was lifted. There was also some uncertainty over where documents needed to be sent. I agree with the investigator, however, that these issues are unlikely to have had any real impact on the timing of the review.

I appreciate that this was frustrating for Mr W and Mr H, and I accept too that it's likely L suffered loss as a result of the account block. I don't believe however that Santander acted unreasonably, so I can't properly make an award in L's favour.

Finally, I note that, in June 2024, Santander gave L notice that it was closing the account. That does not however form part of this complaint and I make no comment on it.

My final decision

For these reasons, my final decision is that I do not uphold L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask L and L to accept or reject my decision before 30 October 2024.

Mike Ingram
Ombudsman