

The complaint

Ms C complains about the way Santander UK Plc (Santander) handled a block it placed on her account and about other administrative issues with her accounts.

What happened

Ms C held a current and savings account with Santander.

In March 2023 Ms C completed a house sale and received the proceeds into her current account. She then transferred some of the funds to her savings account with Santander. Ms C said she was concerned that the amount of money she held with Santander exceeded what would be protected under the Financial Services Compensation Scheme (FSCS). So she started to do a series of online transfers to other accounts she held with other banks from both her savings and current accounts.

These transfers began on the day she received the proceeds and continued through to the following day. A number of these transactions were blocked, some of which resulted in blocks to her account too. Ms C then had to ring Santander. On each occasion she explained the origin of the funds, what she was trying to do and verified her identity. These steps were sufficient to remove several blocks initially. But at around 11am on the day after she received the funds, a payment out of her savings account resulted in a block to her savings account which was not removed following Ms C's call. This block remained on the account for nine days in total and during this time Ms C could not make any transfers into or out of the account.

Further calls occurred between Ms C and Santander during this time, and Ms C ultimately raised a complaint about the block's duration and misinformation surrounding it.

Santander didn't think it had done anything wrong in blocking the account but offered Ms C £100 for the inconvenience caused. Santander later wrote to Ms C to explain it had become aware that it had shared its final response letter (FRL) to her complaint with another customer accidentally. It apologised for this error and offered a further £100.

During her correspondence with Santander, Ms C also raised concerns about the following:

- In August 2023 her payees disappeared from her current account.
- There was a delay in interest being added to her savings account – this was meant to be paid in November 2022 but was paid in March 2023. She was inconvenienced by this delay as she'd already submitted her tax return.

Ms C remained unhappy with Santander's response and asked our Service to look into her complaint. Ms C explained that at the time of the block she was managing a number of difficult personal situations including a recent bereavement. She said that as a result of Santander's treatment she experienced severe anxiety. She also said that she had a funeral the following week and that the deterioration in her mental health meant she wasn't able to say goodbye to her loved one in the way she wanted to. Ms C said she wasn't able to eat, sleep or perform daily activities during the time the block was on. She said that this error had

had a long term impact on her and she had to seek counselling for the first time in her life as a result of Santander's errors. Ms C said she also lost out on interest on her savings during this time. She said she also lost out on interest by paying a bill of £5114 from a savings account rather than her credit card – and that's because she couldn't pay her credit card bill given her accounts were blocked.

Our Investigator looked into things, and they were ultimately of the view that the block remained on the account six days longer than it ought to have. They didn't think Santander had deleted Ms C's payees and didn't see that Santander needed to do anything further in relation to the interest on her account. But they agreed her FRL was sent to another customer. They felt Santander should pay £300 compensation in total, so a further £100 in compensation for the distress and inconvenience all of these issues caused.

Santander accepted this opinion, but Ms C did not. She stressed that Santander said it was satisfied after the call with her that there was no fraudulent activity so she felt the block ought to have been removed during the first call. She said Santander's communications left her with the impression all of her accounts were blocked, not just her savings account and this meant the impact on her was greater. She felt that our Investigator had looked into the deletion of payees on her savings account, but she explained she thought Santander had deleted payees from her current account. Ms C explained that she was raising a complaint about the payees out of concern someone has accessed her account.

The complaint was passed to me, and I issued a provisional decision. In this I said Santander ought to pay a total of £450 compensation, so an additional £250. I felt this accounted for financial loss as well as the distress and inconvenience caused by the delay in the removal of the block and the poor communication surrounding it.

Neither party made additional submissions following receipt of my provisional decision so I'm now able to issue a final 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.

I'd like to start by saying I was sorry to read about the difficult personal circumstances Ms C found herself in at the beginning of March 2023. I'd also like to extend condolences for her loss.

Account block

Banks and building societies have an obligation to try and keep their customers' accounts safe and prevent fraudulent transactions. The bank is obliged to look into any payments that flag as suspicious, as it is under a legal obligation to monitor customer accounts and carry out due diligence checks in order to prevent money laundering and other types of financial crime including scams. This means it must have systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). And in some circumstances, it is required to take additional steps, or make additional checks, before processing a payment to help protect customers from the possibility of financial harm from fraud.

It is not disputed that the payments Ms C was making were unusual activity for her account. And Ms C has made clear that she understands why the transactions and her account needed to be blocked initially. But she feels that by the time she had provided her explanation to the bank, the block ought to have been removed.

The blocks to Ms C's payments were being automatically triggered by Santander's system. Whilst I'm aware Ms C gave Santander an explanation for the large payments she was making following the first block and associated call, the advisors could not stop the automated system from blocking further payments. Whilst I appreciate this would have been frustrating for Ms C, I'm satisfied these automated blocks are a reasonable measure put in place to safeguard Santander's customers. And having listened to the calls, I think Santander explained this to Ms C at that time and advised her of other payment options available to her that might avoid these blocks. So, overall I think it acted fairly here.

The block that remained on the account for nine days wasn't removed after Ms C spoke with Santander and she thinks it should have been. Santander has told our Service that this payment was flagged by its system for additional checks by the fraud team. This means it couldn't be unblocked by the advisors speaking with Ms C. Santander has further explained that whilst Ms C had confirmed she was making the transactions, it also had a responsibility to ensure she wasn't falling victim to some form of scam. So, whilst I appreciate Ms C had confirmed her identity and provided a plausible explanation for the account activity, I think it was reasonable for Santander to carry out a further review given its responsibilities and obligations to protect her.

I appreciate Santander doesn't feel that the block duration was unreasonable in the circumstances, but the evidence indicates that it didn't meet its target response time here. It looks like the block was lifted the same day that Ms C's account was reviewed. So had the block been reviewed within the expected timescales, I think Ms C's account would have been blocked for a maximum of three days in total rather than nine. So, I do think this block was on six days longer than necessary.

I also think Santander's communication surrounding this block fell short in other ways including:

- Santander told Ms C that it aimed to review blocks within 2 days, 48 hours and 48 working hours. So, this conflicting information left her confused and mismanaged her expectations about what was happening and when.
- During one call Ms C was incorrectly told the block had been removed when it hadn't been.
- Ms C said that one advisor's description of her transaction history as 'weird' left her feeling insulted.
- Ms C said that until a day before the blocks were removed, no advisor ever clarified it was only her savings account she couldn't use. She said the communication she had led her to believe she couldn't use either of her accounts.

Having reviewed the available evidence, I don't doubt Ms C's testimony here. I think all of these avoidable communication issues added to the stress and confusion Ms C was feeling at that time.

So, I need to think about the impact of all of this on Ms C.

Firstly, Ms C believes she lost out financially, noting the interest she could have earned on the funds and the interest she lost out on by using funds from one of her savings accounts to pay a bill which would otherwise have been placed on her credit card.

Having listened to the calls, I don't think Santander was sufficiently clear about what blocks were on Ms C's accounts. So, I do think it's responsible for the fact Ms C didn't know she could move the money out of her current account sooner. But it's also difficult to calculate

precisely how much interest Ms C has lost out on here. Ms C was transferring these funds to a variety of accounts paying different rates and could only transfer £100,000 a day from each account. There is also a strong possibility that further attempted transactions may have been blocked. So, what would have been transferred where and by when is not a straightforward calculation.

Ms C has said the accounts she was transferring to were offering an interest rate of between 3.06 and 3.3%. I haven't been provided with any specific interest calculations, but I can estimate here. And I'd note that the possible interest she could have earned on the entire amount across her accounts (above the FSCS cap of £85,000) for the full six days at the maximum rate of interest (which would overestimate the financial loss incurred here for the reasons outlined above) would be around £200. And this doesn't factor in the interest Ms C earned on her savings during this time (which would need to be deducted) or the money she would have spent – for example the £5114 bill.

I appreciate Ms C said she also lost out on interest on funds from another savings account for a bill she paid of £5114. And having looked at the evidence, I'm satisfied she didn't have enough funds on her credit card to make this payment at that time. But I note that she found out her current account wasn't blocked two days later. So, I think at this point she could have moved funds from her current account back into the savings account to mitigate loss. Once again, I haven't been provided with a calculation here, but I have estimated the interest loss that Santander is responsible for over these two days, and this amounts to less than £1 of interest based on an interest rate of 3.3%.

Thinking about the non-monetary impact, Ms C had access to funds in other accounts during this time. But Ms C says she was worried about being over the FSCS cap.

I agree with Santander that the risk to Ms C's funds during this time was minimal. But when thinking about the impact of its errors, I need to consider the distress and inconvenience Ms C experienced. And in the calls around that time, it is evident that this risk was causing Ms C genuine concern. Ultimately, this was five days of additional worry and stress she didn't need at what was already an incredibly difficult time.

I also recognise there was significant inconvenience in having to chase Santander to find out what was happening with the block at a time when she wanted to focus on her personal circumstances instead.

I would also like to be clear that whilst I don't doubt what Ms C has told us about the deterioration in her mental wellbeing at this time, and the impact of this, I would only ask Santander to compensate for the impact of its errors. And the deterioration in Ms C's mental health around this time is not something I am persuaded Santander's errors are ultimately responsible for. Ms C said Santander's actions were the 'final straw', but that doesn't mean I could fairly hold Santander responsible for the impact of everything going on in Ms C's life at that time. So here I can recognise Santander's errors were particularly impactful given Ms C's circumstances but I don't think it was the cause of the mental health issues she described.

Santander has already paid Ms C £100 for the distress and inconvenience caused. But taking everything into account, including financial loss, I think a further £250 is warranted to fully recognise the impact of this error.

FRL

Santander has admitted it sent Ms C's FRL to another customer and has apologised for this as well as paying £100. I have seen no evidence to persuade me this payment doesn't fairly

account for the upset that this error caused. And I note Ms C hasn't disputed this is fair either. In reaching this opinion I have considered the level of data compromised and what Ms C has told us about the impact.

Deleted payees

In August 2023 Ms C said all of her payees (at least ten) were deleted from her current account. Ms C said she did not do this and noted that the process for her doing this online involves manually selecting and deleting these one at a time. So, she's confident that she didn't do this by accident either.

It's not clear to me what's happened with Ms C's payees based on the evidence I've been provided. Santander has shown an audit which indicates Ms C deleted one payee on 21 August 2023. It has also provided an audit showing Ms C deleted payees from her savings account in March 2023, but this doesn't explain what happened to the payees that Ms C said went missing from her current account in August 2023.

But even if I were to conclude Santander was responsible for this error, practically speaking I think this caused only a minor inconvenience for Ms C as she would have needed to reinput this information. Ms C has since told our Service that she's worried her account has been compromised but I note Santander has offered to have Ms C's online credentials blocked and reissued if she has security concerns. I have also seen no evidence Ms C's account has been impacted or compromised since August 2023. Which means I don't think Santander needs to do anything further here.

Delayed interest

Santander noticed, as part of its monitoring processes, that there was a delay in the crediting of interest to Ms C's savings account. As such, it calculated the deficit as £34.59 and sent Ms C a letter to explain this, crediting this amount to her account.

Ms C hasn't provided any evidence of inconvenience here. She has explained that she included this complaint point as evidence of error on Santander's part and it not performing effectively.

I'm satisfied Santander has monitored its systems, identified a delay and put right the interest. And I wouldn't ask it to do anything further based on the available evidence.

It might help to explain that it's not our Service's role to regulate or punish businesses. Our role is to look into the merits of specific complaints. And I have reached my findings in relation to the merits of all aspects of this complaint based on the available evidence.

My final decision

I uphold this complaint and direct Santander UK Plc to pay Ms C an additional £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 4 October 2024.

Jade Cunningham
Ombudsman