

The complaint

Mr A complains that Santander UK Plc has treated him unfairly by closing his account due to it seeing a marker about him on his Cifas file. Mr A is also unhappy with the service he received from Santander.

What happened

Mr A was a long-standing customer of Santander and had several accounts.

In September 2023, Mr A opened a savings account with Santander and transferred just over £200,000 into the account.

Another bank which I will refer to as H, placed a marker on Mr A's name with Cifas. The marker was registered in his company name and against him as an individual in May 2022.

Santander completed further checks following Mr A's savings account application. As a result of this Cifas marker Santander decided to close Mr A's current account and declined his savings account application. Santander said that following a review of his accounts, it was unable to continue as his bankers.

Santander called Mr A on 3 October, to give him formal notice that in 60 days' time, his accounts would be closed. During the call Mr A told Santander that he was aware of the Cifas marker against him and that he had employed a solicitor to challenge the marker. He said that he'd been a long-standing customer of the bank and had never given Santander any reason to worry about having him as a customer. Santander told Mr A that if the marker was removed it wouldn't proceed with the closure of his accounts. And that it would consider offering him further accounts.

Mr A made further calls to Santander on 3 October 2023, however, Santander couldn't tell Mr A when he would be able to access his funds. Following this Mr A visited a branch and on 10 October 2023, Santander was able to access his funds. Mr A said that not being able to access the funds in his account caused him a great deal of stress. He said he was relying on the money to pay bills. He also said that he had to spend around two hours in branch trying to sort things out and made several phone calls to Santander, all of which was time consuming and inconvenient.

Following this Santander wrote to Mr A, to let him know he'd need to make alternative banking arrangements.

Mr A complained to Santander. Mr A said he didn't pose any risk to Santander and was in the process of attempting to have the Cifas marker removed. Mr A said Santander hadn't applied Cifas guidelines fairly which set out that a bank shouldn't refuse an application or close an account simply because of the existence of a marker.

Santander investigated and decided it hadn't done anything wrong. In Santander's final response, it said that it had had an alert that another bank had uploaded a record about

Mr A on an anti-fraud database. It investigated the alert and decided to stop providing him with banking facilities. and having reviewed the decision, it had been the correct decision in line with its policies.

Mr A wasn't satisfied and complained to this service. He said Santander had treated him unfairly and should have spoken to him about the marker. He said Santander had made no effort to contact him about his concerns and had judged him to be guilty without offering him the opportunity to prove the marker was wrong. He also pointed out that the marker had been recorded against him in his capacity as a director, and not him as an individual. To put things right he wants Santander to reopen his account and pays him compensation.

One of our investigator's reviewed Mr A's complaint. As part of her review, she asked Mr A for more information about the marker and to set out the circumstances that led to it being uploaded being uploaded. Mr A told the investigator that he'd been trying to have the marker removed for over a year. Santander maintained its position and said the marker loaded by business H, was still in place and it was entitled to rely on that information. And that it had closed Mr A's accounts in line with the terms and conditions.

After reviewing everything the investigator thought it was unlikely that the marker had been loaded incorrectly given it was still in place after Mr A had asked it to be removed. She said that Santander hadn't done anything wrong when it had blocked and closed Mr A's accounts. However, she said Santander could have provided better service to Mr A when he was trying to access his funds. She said Santander should pay Mr A £100 compensation for the trouble and upset it had caused Mr A.

Santander agreed. Mr A wasn't satisfied and asked for an ombudsman's decision. So, 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.

First, this decision only relates to Mr A's complaint against Santander. Mr A has also complained about bank H which loaded the Cifas marker against him and his company.

The two complaints, about two different banks, are dealt with separately. This decision relates only to whether or not Santander treated Mr A fairly and reasonably.

Cifas is a fraud prevention agency, which has a large database on which information is recorded to protect financial businesses and their customers against fraud. Another bank had recorded a marker against Mr A's name and his business. Bank H recorded a marker under the category of '*Misuse of Facility*' - *opening an account, insurance policy, or other facility for a fraudulent purpose or the fraudulent misuse of an account, policy or facility, or the fraudulent misuse of insurance policy documentation.*'

Mr A contacted Cifas and instructed a solicitor to get the marker removed. However, despite Mr A's best efforts to date, the marker recorded by business H remains on Mr A's Cifas file. And it was this marker that Santander have relied on when making the decision to block and close Mr A's accounts.

As the investigator has already explained, banks and financial business in the UK, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from

financial harm, and to prevent and detect financial crime. That sometimes means Santander need to review, or in some cases go as far as blocking and closing customers' accounts.

I want to make it clear that I understand why what happened concerned Mr A. I've no doubt it would've come as quite a shock to him, and he would've been very worried to find out that his accounts had been blocked. But I've also considered the basis for Santander's review and decision to block Mr A's account when deciding whether Santander treated Mr A fairly.

Fraud is a serious matter. Santander had reviewed Mr A's savings account application and in doing so discovered the Cifas marker H had recorded. Based on this I'm satisfied that Santander's decision to block Mr A's account was therefore legitimate and in line with its legal and regulatory obligations. Doing so also enabled Santander to consider how best to react to the information it had discovered. The terms and conditions of Mr A's account also make provision for Santander to review and suspend an account.

Mr A is unhappy that Santander decided to close his accounts. He has said that he wants an account with Santander. And that Santander have ignored the Cifas guidelines. I appreciate the account closure inconvenienced Mr A and I'm somewhat sympathetic to the position he finds himself in. But Santander isn't obliged to continue its relationship with Mr A simply because he wants to bank with them.

As the investigator has already explained, banks are entitled to end their business relationship with a customer, as long as this is done fairly, doesn't breach law or regulations and is in keeping with the terms and conditions of the account. That's because it has the commercial freedom to decide who it wants as a customer. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer. But they shouldn't decline to continue to provide banking services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

Santander is also entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Santander should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly.

Santander have relied on the terms and conditions when closing Mr A's account. I've reviewed the terms, and they explain that Santander can close an account for any reason by giving two months' notice. In certain circumstances, Santander can also close an account without notice. Here Santander wrote to Mr A on 20 October 2023, giving him two months' notice, that it intended to close his accounts. During the notice period Santander kept Mr A's account restricted. Although he could access his account balances and his direct debits continued to be paid, he didn't have full use of the account. So, although Santander did provide Mr A with the full notice period, I consider they closed the account immediately due to the restrictions applied to the accounts.

For Santander to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that the bank has provided, I'm satisfied that Santander did. And that it was entitled to close the accounts as it's already done. So, I won't be directing Santander to reopen Mr A's accounts.

Mr A says Santander haven't acted in line with guidelines set out by Cifas which says '*a member who receives a Cifas warning from the system is not allowed automatically to reject an application or to close a facility because of the warning*'.

I've thought about what Mr A has said. But I'm also aware of the circumstances that led to bank H loading the marker. When I weigh everything up, I consider that it was reasonable for Santander to rely on the Cifas database when taking its decision. It didn't have to conduct its own investigation into why the other organisation had recorded the marker, or whether it was correct. Businesses are obliged to record matters of fact on Cifas and as a consequence Santander was entitled to take action solely based on what Cifas said. And the presence of a Cifas marker relating to fraud, clearly met Santander's terms and conditions for closing a customer's account without notice – which I consider is what Santander did here. So, Santander was entitled to close Mr A's accounts, and I consider it acted fairly and reasonably in all the circumstances in doing so.

I've taken on board what Mr A has said about the marker being related to his company. And that he is seeking to have it removed. However, the marker Santander relied upon is still in place. And the correctness of the logging and the removal isn't the responsibility of Santander. With reference to Mr A's claim that as a director any information recorded should not affect him personally, the information regarding a business/limited company does also affect any directors linked to that company at the time.

So, I don't agree Santander should have disregarded the marker and had no reason for concern about how Mr A was operating his accounts. I say this as the funds in dispute were paid into one of Mr A's Santander's accounts. I appreciate that Santander's actions caused Mr A trouble and upset. But since I don't find Santander acted inappropriately when it blocked and closed Mr A's accounts it wouldn't be appropriate for me to award Mr A any compensation for this aspect of his complaint.

Finally, Mr A says Santander didn't give him clear information about how he could gain access to his funds after the bank blocked his account. Mr A has explained that he had to make several phone calls and when he visited a branch to try and sort things out, he had to spend more than two hours in the branch. Mr A has said that he was very stressed and worried about how he'd pay his bills.

Santander haven't provided a detailed explanation for why they didn't make it clear to Mr A how he could gain access to his funds and has accepted it caused delays. So, I'm satisfied that Mr A has been caused some trouble and upset.

To put thing right the investigator has recommended that Santander pay Mr A £100 compensation. I'm satisfied this is fair and reasonable based on the impact Santander's actions had on Mr A.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. To put things right Santander UK Plc should pay Mr A £100 for the trouble and upset this matter has caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 27 March 2025.

Sharon Kerrison
Ombudsman