

## **The complaint**

Mr and Mrs M complain Santander UK Plc unfairly blocked their account and provided poor service.

## **What happened**

Mr and Mrs M held a joint Santander account which was opened in 2014. In September 2021 Santander received a returned mail indicator which prompted it to carry out a Know Your Customer (KYC) review of the account. This review began on 23 October 2022, and although it was a joint account the review focused on Mr M.

Santander contacted Mr M on the telephone numbers listed on the account on 17 November 2022, with no response. Further attempts to contact Mr M on the phone were made on 21 November 2022, 23 November 2022, 24 November 2022. Santander left voicemails on each occasion. As no response was received Santander wrote to Mr M, and this letter was uploaded to his online banking profile.

As no response was received on 4 January 2023 the account was blocked. In June 2023 Mr M spoke to Santander. During this call Santander explained the account review reasons, but Mr M said the information required was not legal and didn't think it was appropriate for Santander to be asking such extensive questions. Mr M says reasonable KYC information was provided at this stage, and Santander needed to explain why further source of wealth details were required.

Santander didn't consider the information provided adequate and the account block continued. Santander also made the decision to close the account as it was unable to meet its KYC requirements. However, due to the outstanding KYC requirements and account block, the closure could only be completed, and funds returned once it had some further details from Mr M.

Mr M raised a formal complaint about the handling of the account on 7 July 2023. Santander explained in its final response letter that the account is being closed but the block can only be removed once it has the specific information required, under new regulations.

Unhappy with the response received, Mr and Mrs M referred their complaint to this service. An Investigator reviewed the complaint and in summary, made the following findings:

- Although Mr M may have found the questioning by Santander intrusive, it was acting in line with regulatory obligations.
- The questions posed weren't outside the scope of what is necessary and appropriate in order for Santander to meet its KYC requirements.
- The service provided from Santander was reasonable and it had attempted to contact Mr M to deal with his concerns.

Mr M disagreed with the review, and reiterated the following points:

- Santander has withheld £20,000 of their savings for 18 months which has caused

considerable difficulties.

- Mr M had made multiple phone calls to Santander. Its overall communication was poor, with long wait times on the phone.
- Santander said it would provide details of the law or regulation it was relying on in requesting details from Mr M. Santander has not provided this information.
- Santander's conduct does not follow any form of best practice for AML measures. There are no suspicious transactions or changes in account usage.

The Investigator reviewed Mr M's points and reiterated his stance that Santander had acted reasonably in the circumstances. Unhappy with the review, Mr and Mrs M asked for a review by an ombudsman.

### **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'm very aware that I've summarised the events in this complaint in far less detail than Mr M has, and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mr M and Santander have said before reaching my decision.

Having done so, I've decided to not uphold this complaint. I know Mr M feels strongly about his complaint, and I don't undervalue how challenging his dealings with Santander have been. I'll explain why.

#### *KYC checks and regulatory duties*

At the heart of Mr M's complaint are his concerns around Santander's KYC and AML processes. I must highlight it is not within this service's remit to tell a business how to run their KYC and AML processes or procedures such as what questions they should ask a customer in order for them to be satisfied they are meeting their legal or regulatory requirements. It would be the role of the regulator – the Financial Conduct Authority (FCA), who have the power to instruct Santander to make changes to their policies and procedures, if necessary.

It's worth noting though that there is no set way in which the regulator requires a business to meet their KYC and AML requirements. As Mr M is aware, Santander explained its questions were in keeping with The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017. This is the overarching regulation businesses like Santander must consider but there is also FCA guidance. The FCA's current Financial Crime Guide explains firms must take steps to defend themselves against financial crime, but a variety of approaches is possible. So, each business will have their own individual procedures with respect to KYC requirements. This is to ensure each business can meet their regulatory requirements, but also have the autonomy to operate its business as it sees fit. So, whilst I've considered Mr M's general comments about Santander's approach to discharging its regulatory duties, I haven't seen anything to persuade me its processes had a detrimental impact on Mr M.

The FCA guidance also sets out requirements for ongoing monitoring and explains ongoing monitoring means scrutinising transactions to ensure that they are consistent with what the

firm knows about the customer and taking steps to ensure that the firm's knowledge about the business relationship remains current. Mr M says he and Mrs M are longstanding customers, so the intrusive questions weren't appropriate. However, in light of the guidance I'm persuaded that even though KYC checks may have been carried out at the account opening, Santander is required to take steps to ensure their knowledge about their relationship with Mr M remained current, even if the account didn't show any signs of change or have activity that raised suspicion.

Mr M also explains the questions about source of wealth and funds weren't necessary. During the calls, he explains that he is reluctant to share details which will allow the bank to profile him, and it could be phishing for information. However, there is a requirement under for banks to establish the source of funds and the source of wealth as it can be useful for ongoing monitoring and due diligence purposes. So, I think this is an important question as it helps Santander form a clearer picture of Mr M's circumstances. And these questions don't necessarily need to be prompted by account specific activity. I must also highlight that considering the questions posed to Mr M, they are in my view fairly standard and in keeping with general industry practice in this area. I haven't seen anything within the queries posed to Mr M to suggest Santander was placing a disproportionate focus on Mr M's details.

Based on Mr M not providing the information Santander asked him to satisfy themselves that they were meeting their legal and regulatory requirements, the decision was made to close the account in line with the account terms and conditions. I'm not persuaded they were unfair in making this decision and they gave Mr M an opportunity to provide the information before they took this step.

#### *Contact and customer service*

A key concern for Mr M is the communication received from Santander and its overall customer service. Firstly, Mr M says there were insufficient attempts to contact him before the account was blocked.

I've looked carefully at the timeline of events and the contact from Santander began as soon as it began its KYC review in November 2022. Santander was unable to write to Mr M as it had received a returned mail indicator. Santander therefore attempted to call Mr M on the number listed numerous times at this stage. The notes from Santander also suggest that voicemails were left for Mr M. Santander awaited a response but as none was received it blocked the account in January 2023. Having considered Santander's internal guidance, it appears to have taken the necessary steps, and the block was applied to protect the account until it had contact from Mr M.

In June 2023 Santander received contact from Mr M and having listened to the calls I note Mr M provided some of the information Santander required. The information provided related to the Santander account, but further queries around Mr M's general circumstances weren't answered. Mr M says they would've been happy to answer the questions if Santander could provide the legal basis of the questions. I understand Mr M expected this information, but it wasn't received. I can see the next contact from Santander was in mid-July 2023 following Mr M's complaint and the letter explained the account wouldn't close until the blocks were lifted.

In light of Mr M's concerns about the necessity of the information requested it would've been helpful for Santander to set out to him the regulations it was relying on – especially as Mr M had been told by call handlers this would be provided. However, Santander was under no strict obligation to do this. I also wouldn't necessarily expect call handlers and complaint handlers to have immediate access to the information Mr M was asking for. In addition, whilst the information requested is in keeping with The Money Laundering, Terrorist

Financing and Transfer of Funds (Information on the Payer) Regulations 2017, Santander's regulatory framework for KYC and AML will be comprised of multiple legal and regulatory sources.

Following the contact Mr M made with Santander in June 2023 Mr M raised a formal complaint and in early August Mr M was told he would receive calls backs. Santander has shown the calls were made to Mr M. I think a key issue with the communication between Santander and Mr M is the fact Mr M now resides outside of the UK. This factor, alongside the return mail indicator at the address held for Mr M meant a clear channel of contact wasn't always available. I can see some updates and contact were uploaded to Mr M's online profile, but it doesn't seem this was always accessed. Overall, I think Santander made reasonable attempts to communicate with Mr M.

Mr M has also referenced the long wait times he experienced when trying to speak to Santander, and the costs he incurred in making international calls. Whilst I understand that it can be frustrating or inconvenient waiting in a queue for a call to be answered, this does not mean that compensation is necessarily merited. In many cases, even though there has been a certain amount of inconvenience or distress, it will not be appropriate for this service to tell a bank to pay compensation. Usually, we won't decide the bank should pay if the degree of inconvenience appears to be slight or in keeping with the general experience and trouble we all go through when trying to manage financial affairs. In Mr M's case I haven't seen anything that persuades me the inconvenience was so significant that Santander ought to compensate him.

Mr M says that Santander's actions meant he was unable to access savings for 18 months. I can see from the account details that this wasn't Mr and Mrs M's main account, and Mr M has confirmed it was used as a savings account. There are sporadic monthly transactions on the account. I appreciate not having access to the account for this period would've had some impact, but as explained I'm satisfied the block was necessary given the KYC review hadn't been completed. I can also see that interest continued to be applied to the account up until May 2023 even though it had been blocked in January 2023. I understand from Mr M's submissions to this service that there were ongoing issues with accessing the funds in the account once Mr M referred the complaint to this service. As part of my review, I've queried this with Santander, and it confirmed the funds have now been released to Mr M.

I appreciate this has been a frustrating process for Mr M and I know this will not be the outcome Mr M was hoping for and he will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking Santander to take any further action

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 6 February 2025.

Chandni Green  
**Ombudsman**