

The complaint

Mr M complains about the service he received from Santander UK Plc (“Santander”) when it applied restrictions to his account. Mr M says Santander hasn’t been transparent as to why his account was under review and that he had no access to his income and that payments out of his account have been impacted as a result of Santander’s actions.

What happened

Following a review of Mr M’s account activity there were some concerns Mr M may have been a victim of a scam and as Mr M didn’t provide enough detail about the source of funds coming into his account Santander placed and kept restrictions on Mr M’s account from 21 May to 12 June 2024.

While Santander completed its checks despite telling Mr M he could withdrawal funds from his account at a branch Mr M was denied access. Mr M complained about this and Santander apologised for this and added a note to his profile enabling him to access his income (based on a calculation of his wages received) moving forward whilst the checks were still being undertaken.

Santander acknowledged that its service couldn’t been better – in particular in dealing with Mr M’s request for access to his income and offered Mr M £150.

Mr M decided to bring his complaint to this service as he believed Santander had failed to give him a reasonable explanation for the restrictions applied to his account. He says the payments out of his account have been affected and he’s had to carry cash to pay for things.

In response to Mr M’s complaint Santander says that as a regulated financial bank there is an expectation for it to have systems and processes in place to mitigate against unwanted account activity and didn’t agree it had made an error regarding the restrictions applied to Mr M’s account.

One of our investigator’s looked into Mr M’s concerns but didn’t think Santander had treated Mr M unfairly or had made an error in applying the restrictions as it has a regulatory obligation to have systems and processes in place to mitigate against unwanted account activity and a duty to safeguard its customers money and the account terms and conditions allowed Santander to do this.

But they thought that Santander could’ve provided a better service in that they thought the restrictions could’ve been lifted sooner than they were as Santander’s internal notes suggested it had concluded its checks on 5 June, yet it failed to inform Mr M about this until 12 June.

So they recommended Santander compensate Mr M a total of £250 for the distress and inconvenience this caused which Santander agreed with.

Mr M disagreed, he doesn’t think the compensation of £250 is enough for the service he received and has asked for an ombudsman’s decision on the matter.

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 hope that Mr M won't take it as a discourtesy that I've condensed his complaint in the way that I have. Ours is an informal dispute resolution service, and I've concentrated on what I consider to be the crux of the complaint. Our rules allow me to do that.

And the crux of Mr M's complaint is regarding the service he received from Santander when it applied restrictions to his account while it carried out a review of his account activity. Mr M says during this period he was denied access to his income and that payments due to leave his account were impacted.

My role is to look at problems that Mr M has experienced and see if Santander has made a mistake or done something wrong. If it has, we seek to put - if possible - him back in the position he would've been in if the mistakes hadn't happened. And we may award compensation that we think is fair and reasonable.

It might be helpful for me to say here that, I don't have the power to tell Santander how it needs to run its business and I can't make Santander change its systems or processes – such as how or when activity on an account is reviewed and restrictions applied for fraud prevention. These are commercial decisions and not something for me to get involved with. Nor can I say what procedures Santander needs to have in place to meet its regulatory obligations. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

That said I don't think it was unreasonable for it to have procedures in place – in this case carrying out checks on account activity that meet certain criteria for fraud prevention - to ensure the transactions are legitimate and it meets its regulatory requirements. As I'm sure Mr M understands this is needed not only to protect businesses against criminal activity, but also their customers.

And in Mr M's case I can see that some concerns had been raised that Mr M was or had potentially been the victim of a scam and Santander wanted to confirm the source of funds coming into his account and wanted Mr M to evidence proof of entitlement to this before the release of the funds. So I don't think it was unreasonable that Santander applied restrictions to Mr M's account until it could carry out a review and satisfy itself that the activity seen on Mr M's account was legitimate.

And as Santander's internal notes show Mr M either wasn't able or willing to say who the sender of the funds was or evidence what it was, I can understand Santander's concerns that the activity on the account may not be legitimate and required further investigation before the restrictions were lifted.

I accept Mr M has been both distressed and inconvenienced by this, but the actions Santander took is allowed under its terms and conditions and is in-line with its regulatory obligations so I don't think Santander have acted unreasonably or treated Mr M unfairly here.

However, Santander has agreed there was a failing on its part in the customer journey Mr M had and that it unfairly denied Mr M access to his income. And I'm also in agreement with our investigator that Santander appears to have completed its checks on 5 June yet it failed to inform Mr M of this or lift restrictions until 12 June for no good reason. So I think this is a further service failing on Santander's part and that Santander should compensate Mr M £250 for the distress and inconvenience this caused.

I appreciate Mr M doesn't think this is enough and he says the restrictions impacted the payments that were due to go out of his account. But I've seen no evidence that throughout the period when the restrictions were applied Mr M wasn't able to pay priority bills or that he was adversely affected and left in debt as a result of payments not going out. So I can't agree the restrictions had any impact on this.

But Santander did fail to give Mr M reasonable access to his income and didn't properly manage his expectations in informing him when its review was complete or lift the restrictions within a reasonable time after this. Indeed, from the call recordings I've heard between Santander and Mr M it is clear to me even Santander's agents didn't know what was happening. And so I'm in agreement with our investigator that Santander should compensate Mr M £250 for the distress and inconvenience this caused.

My final decision

For the reasons I've explained, I've decided to uphold Mr M's complaint against Santander UK Plc and direct it now pay him £250 compensation deducting from this any compensation already paid in relation to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 19 November 2024.

Caroline Davies
Ombudsman