

The complaint

Mr J complains on behalf of his business, D that Santander UK Plc blocked D's business account on two occasions following a review of the account. Mr J also complains about the inadequate compensation paid to D by Santander in respect of its complaint.

What happened

On 15 November 2023 Santander sent Mr J a pack and forms to provide information about D, including questions for the directors about their personal wealth. He called Santander in January 2024 and agreed a timescale for response, but in late January 2024 D's business bank account was blocked. Mr J said Santander told him this was because the forms had not been received, but on investigation this was not correct.

Mr J said he sent Santander information it requested after it started a review of D. Mr J said D's business account was blocked without sufficient advance warning causing payments to be missed. He said highly personal, private, and sensitive data regarding his personal financial and business financial data, was mis-handled by Santander.

Mr J said Santander didn't treat D as a good business customer and the information/data it requested was excessive and beyond the stated purpose. It then blamed the postal service for the non-return of the completed documents when it had received the information.

Santander blocked D's account again in February 2024 and Mr J complained. Santander upheld the complaint saying after Mr J's call its agent left contradictory notes about the information given and its block caused a great deal of inconvenience and offered £100 compensation. It further responded that it hadn't made a mistake with its investigation.

Mr J would like D to be paid more compensation for the damage that Santander caused and the stress that it caused D's directors. He said £100 compensation was insulting for the time wasted due to its mistakes. Mr J referred D's complaint to our service.

The investigator recommended the complaint be upheld. She said Santander had made errors leading to the account being restricted incorrectly which led to further inconvenience to Mr J. She recommended Santander pay D a total of £200 compensation as well as interest on the funds suspended between 8 and 22 February 2024.

Santander's case adviser made a note on 29 January 2024 stating a partial response from Mr J had been received. And then another note on 8 February that a block had been applied since no documents had been received. The investigator said this was incorrect, as Mr J had returned the form and so the account shouldn't have been restricted. She said this caused inconvenience as payments couldn't be made and Mr J made many calls to sort this out.

The investigator said that Mr J decided to open a new account elsewhere, which was his choice and so there couldn't be an award for the time and inconvenience this caused.

Mr J said he completely disagreed about the compensation, as £200 as it didn't reflect the huge stress, time and inconvenience he suffered as a result of Santander's failing. He said he had no choice but to move D's business banking. Mr J requested an ombudsman review his complaint, including Santander misplacing highly personal and confidential data, and he said the investigator had made inappropriate comments from an industry regulator.

Mr J said that switching an account isn't usually inconvenient but there was an issue with the name not matching as he had one account in the trading name and not the limited name.

Santander agreed with the investigator about the £200 compensation. It said the interest redress wasn't required as whilst its call notes indicate a block to be applied on 8 February, it wasn't applied until 16 February and removed on 22 February 2024. Santander said interest was earned after the block was lifted, and no funds were removed until a small payment on 26 February 2024. It said the funds were not removed for some weeks after this point.

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 was sorry to learn that what should have been a straightforward information gathering process has turned into a prolonged and difficult experience. Mr J said he has switched D's account to another bank, and this took about 30 hours of his time, which he found stressful.

Part of my role is to determine whether what took place was reasonable and whether Santander followed the process correctly. In assessing whether Santander acted fairly, I've taken into account the relevant rules and guidelines along with good industry practice. There are general principles that say a bank should conduct its business with due skill, care and diligence and pay regard to the interests of its customers.

For information, it is worth bearing in mind that the complaint is for Mr J's business and this is a different entity from a natural person. A business cannot suffer stress or distress and its directors' distress or potential loss of reputation can only be considered in a complaint in their name. Also, our service is not the financial regulator, that is the Financial Conduct Authority.

Santander wrote to Mr J to say it was restricting the account on 15 Jan 2024 due to non-receipt of form sent on 15 November 2023, which it requested to be returned within 30 days and was then 30 days late. Mr J then called and agreed a timescale and then submitted a form on which he wrote, *'Not willing to provide documentary evidence.'*

Obviously, this wasn't the disclosure of information Santander expected. Mr J has said Santander's requirements were excessive and beyond the stated purpose. Santander is required to understand the financial details of its customers that are relevant to anti-money laundering regulations and know your customer checks. Mr J said these go beyond the Financial Conduct Authority's requirements, but I haven't seen any evidence of this, though the questions and requirements are by their nature very intrusive.

Having said this, the parties agree Santander mis-recorded the receipt of D's information. Santander's records show receipt of D's form when its call handler said it wasn't received, which led it to unnecessarily block the account. Santander said it hadn't followed the correct procedure regarding the questionnaire and said, *'this has caused a great deal of inconvenience'*. I agree as D was unable to make payments and had to react to the account blocks at short notice affecting its daily operation. I'm glad to see acknowledgment by Santander of its error and I hope that they see this complaint as an opportunity to review their handling of these information requirements.

Mr J said that Santander misplaced highly personal and confidential data. Although Santander didn't recognise the receipt of Mr J's form for a while, I can't see anything to indicate there was a breach of data protection. But ultimately, breaches of data protection legislation are best dealt with by the Information Commissioner rather than this service.

Part of the inconvenience D suffered was due to its business banking moving to another bank. I can understand Mr J's frustration with Santander, he said he couldn't risk another block, but ultimately this was his choice. From what he has said much of the difficulty here involved the switching process and the difference between business and account name.

Mr J has mentioned potential damage to his credit reference. We cannot consider what might happen in the future and the damage would need to be directly in D's name. However, if this does occur, Mr J may wish to add a 'notice of correction' himself – there's helpful information about this on the following web page: https://www.payplan.com/wp-content/uploads/2021/02/0038-21_How-to-notice-of-correction-factsheet.pdf.

The period of the blocks was very short, and any interest involved would be a small amount and so I make no award for this. However, I have increased the compensation to £250 as I think this is a fair and reasonable reflection of the inconvenience Santander's actions caused D. Compensation of £250 falls within our guideline as suitable where there have been repeated small errors, or a larger single mistake, requiring a reasonable effort to sort out.

No information about costs incurred by D have been provided by Mr J other than a late payment charge of £40 from a phone provider. If Mr J provides details of this charge and any other costs incurred by D as a direct consequence of the blocks on its account, then I would expect Santander to reimburse D for these costs.

I realise that Mr J will be disappointed by this outcome though I hope he appreciates the reasons why it had to be this way.

My final decision

For the reasons I have given it is my final decision that the complaint is upheld. I require Santander UK Plc to pay D £250 compensation in respect of the inconvenience it was caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J on behalf of D to accept or reject my decision before 24 February 2025.

Andrew Fraser
Ombudsman