

The complaint

Mr N complains that Santander UK Plc unfairly blocked and closed his accounts without providing a proper explanation. He is also unhappy that Santander have not returned money held in the accounts back to him.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr N had two personal current accounts with Santander.

In July 2019, Mr N requested Santander to transfer £11,500 to another personal account he held with an overseas bank. Santander blocked the payment to comply with its legal and regulatory obligations.

Following this Santander blocked Mr N's accounts and placed the £11,500 into a sundry account. On 20 August 2019, Santander called Mr N and told him that all of his accounts would remain blocked and the funds in the accounts would be withheld by the bank.

In August 2019, Santander decided to close Mr N's accounts. Due to an oversight Santander didn't close Mr N's accounts until January 2024.

In early 2024, Mr N complained to Santander. He said Santander hadn't told him it had closed his accounts. He said despite him telling the bank he'd changed his address he hadn't received any letters about his accounts being closed. He also complained that Santander hadn't returned the closing balances of his accounts, which at the time had been around £750, and hadn't returned the money he wanted to send overseas. He said Santander had been holding onto the funds since 2019, and there weren't any court orders in place that meant Santander couldn't return the money to him.

In response, Santander said it hadn't done anything wrong and had acted in line with its legal and regulatory obligations and the terms of the account when it had blocked the £11,500 payment and hadn't returned the funds in Mr N's accounts to him. Santander said due to the time that had passed it couldn't confirm it had sent Mr N a notice to close letter but said at the time it did make Mr N aware his accounts would be closed. Santander offered Mr N £100 compensation for any trouble and upset not sending him a closure letter had caused him.

Unhappy with this response Mr N brought his complaint to our service where one of our investigators looked into what had happened. Mr N told the investigator that Santander have been holding onto his money since 2019 and he wants it back. He explained that because he hadn't had access to the funds in his accounts, he had to borrow money from friends and relatives to get by. He also explained that the £11,500 was money he was sending to his mother to pay for medical treatment. And due to Santander holding onto this money she had continued to suffer due to her medical condition, which had been very upsetting for him. To

put things right he wants Santander to release all the funds that were in his accounts, including the £11,500 back to him.

After looking at all the evidence the investigator didn't uphold Mr N's complaint. In summary she said Santander had been complying with its legal and regulatory obligations when it had blocked Mr N's accounts. And hadn't treated Mr N by withholding the funds in Mr N's accounts including the money he wanted to send overseas.

Mr N disagreed and asked for an Ombudsman to review his complaint. 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.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Santander has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr N, but I'd like to reassure him that I have considered everything.

Santander has important legal and regulatory obligations it must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. This sometimes leads to payment instructions being declined, accounts being closed, and funds in accounts being withheld from account holders. The terms and conditions of Mr N's accounts also make provision for this.

With this all in mind, I've considered the basis for Santander's decision to block and withhold the funds in Mr N's accounts along with the £11,500 that he tried to send overseas. Having looked at all the evidence and circumstances of this complaint, which includes considering the information Santander has shared with this service in confidence, I'm satisfied that Santander have acted in line with their legal and regulatory obligations when it blocked Mr N's accounts and didn't allow him access to the money in them. So, I can't say Santander have treated Mr N unfairly by not returning the funds to him. And I won't be asking Santander to release any funds back to him.

Mr N says Santander won't tell him anything about what's happening with his accounts and the money he had in them. I understand of course why Mr N wants to know the exact reasons behind Santander's decision, other than what he's been previously told. And I can see from looking at Santander's contact notes, that Mr N has asked Santander to explain itself on several occasions. But Santander doesn't disclose to its customers what triggers a block of their accounts. And it's under no obligation to tell Mr N the reasons behind the blocking of his accounts and why it hasn't returned any funds to him, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr N this information. And it wouldn't be appropriate for me to require it to do so now.

I've next gone on to consider whether Santander acted fairly when it closed Mr N's accounts. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep customer or require it to compensate a customer who has had their account closed.

In doing so, I appreciate that Santander is 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. As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. 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 have relied on the terms and conditions when closing Mr N's accounts. 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 could also close the accounts without notice. As Santander blocked Mr N's accounts, I consider that the bank closed them without notice, since after they were blocked Mr N could no longer access 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, including the information Santander has provided to this service in confidence, I'm satisfied that Santander did. And that it was entitled to close the accounts as it's already done. So, it would not be appropriate for me to ask Santander to pay Mr N compensation since I don't find Santander acted inappropriately when it closed his accounts.

Mr N has said that Santander didn't let him know that it had closed his accounts. He's said he told the bank he had changed his address and he's pointed out that he has continued to get letters about his credit card account without any problem. So, he doesn't understand why Santander didn't tell him his accounts were going to be closed.

Santander accepts that it didn't close Mr N's accounts until January 2024 despite making the decision to close them in August 2019. It has explained that this was simply an oversight, and it accepts that it didn't send Mr N any letters about the closure of his accounts. From looking at all the evidence, I accept that this was an administrative error. Of course, banks should take reasonable steps to avoid making mistakes, but it's unrealistic to expect mistakes will never be made.

Santander has apologised for this oversight and offered Mr N £100 compensation for any trouble and upset not receiving a closure letter may have caused him. But it doesn't follow that I must award Mr N compensation in these circumstances. Instead, I have to consider all the circumstances and information surrounding Mr N's complaint to decide whether I think awarding compensation would be a fair and reasonable outcome.

I've thought about the impact not receiving a closure letter had on Mr N. And having done so I'm not satisfied that Santander's mistake had much (if any) impact on him. From looking at Mr N's submissions to this service it seems Mr N is most concerned with the funds Santander is still withholding from him. And I've already addressed this point above.

After considering all of the circumstances and evidence, I don't find awarding Mr N compensation would be fair or appropriate. I understand Mr N would naturally want to know the information I have weighted in order to reach this finding. But as I've set out already, I am treating this information in confidence, which is a power afforded to me under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook.

Accordingly, I have accepted information in confidence which I am not disclosing to Mr N. And the description of that information is that it's of a nature which justifies Santander's

closure of Mr N's accounts, and which has led me to decide that awarding Mr N compensation would not be a fair or appropriate outcome for any of the matters he has brought as part of this complaint.

So, I'm not requiring Santander to compensate Mr N for any trouble and upset he may have experienced as a result of Santander blocking and closing his accounts, and the further dissatisfaction he experienced which ultimately flowed from not having access to the funds in his accounts, including his unhappiness with Santander's communication and the information it didn't provide him.

Santander has made an offer to pay £100 to settle the complaint. Mr N should contact Santander directly if he now wishes to accept this.

In summary, I realise Mr N will be disappointed by my decision, but I won't be telling Santander to do anything to resolve his complaint.

My final decision

For the reasons I've explained, my final decision is that Santander does not need to do anything more to resolve Mr N's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 4 December 2024.

Sharon Kerrison
Ombudsman