

The complaint

Mr O and Mrs P complain Santander UK Plc ("Santander") blocked their account without notifying them.

What happened

Mr O and Mrs P found their account was blocked in April 2024 when they tried to transfer money into it for use in a property purchase. Mr O and Mrs P said they hadn't been given notice of this. And when they asked Santander to remove the block, they encountered difficulties and were given inconsistent information which caused them distress, inconvenience and financial loss.

Santander didn't think they'd made a mistake so didn't uphold the complaint. Santander said as it hadn't received a response for Mr O and Mrs P to its information requests as part of their Know Your Customer ("KYC") responsibility going back to August 2023 a decision had been taken to exit them from the bank. And as post had been returned in September 2023 a block was applied to both parties on the account until the customer(s) contacted Santander to discuss the account. So, Santander said it wouldn't have informed either Mr O or Mrs P until they made such contact. Santander apologised for the amount of time Mr O spent in the branch and were sorry they didn't do a better job of explaining when he initially complained. Mr O and Mrs P referred the matter to our service.

Our investigator didn't think Santander had acted unfairly when it placed the block on the account so didn't uphold that part of the complaint. He explained this service can only consider complaints about regulated financial matters. So can't consider a point of complaint about how a business handled a complaint as this itself wasn't a regulated financial matter - even when the complaint is itself about a regulated financial matter. And although the investigator didn't think Santander had made any error in applying the block to the account, he did think Mr O had spent more time than was necessary in branch trying to resolve the block and was given contradictory information. And that had caused delay, distress and inconvenience at a time when Mr O and Mrs P were trying to complete a house purchase, which caused them anxiety. The investigator recommended an award of £150 compensation for this poor customer service.

Santander said although it didn't agree fully with the investigators position, to bring the matter to a close, they were happy to accept the settlement as outlined within his view.

Mr O and Mrs P didn't agree. They reiterated the impact of Santander's handling of the account caused them significant emotional distress, inconvenience, and financial loss. They thought the severity of their experience and its far reaching consequences hadn't been fully addressed on the proposed compensation and set out three areas of compensation. Mr O and Mrs P were also concerned about the way Santander investigated and responded to their complaint. Also, as all letters were addressed to them jointly and to the same address, they couldn't understand why both needed to confirm the address separately. Mr O and Mrs P also thought under FCA guidelines Santander were required to tell them the account had been blocked and said in light of this they found the decision difficult to understand.

The case has come to me for a decision.

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.

Our investigator had given an accurate summary of the events leading up to this complaint and Mr O and Mrs P's dealings with the bank from 10 April 2024 to closure of the account, so I shan't repeat that here. I'm aware that I've only summarised Mr O and Mrs P complaint points below. And I'm not going to respond to every single point made they've made. No discourtesy is intended by this. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what, I think, is a fair outcome.

As much as I understand Mr O and Mrs P frustrations with the situation, I've got to look at whether Santander did anything wrong. And, having reviewed all the evidence here, in respect of the substantive issue - blocking the account - I don't think they did. But I do think there were failings in customer service, so I'm planning to uphold that aspect of the complaint. I'll explain my reasons for coming to this decision.

The terms and conditions of this account provide a customer *must* give Santander information to keep their records up to date. Those terms also provide for when Santander can block an account. In this case I think the instances set of where it has concerns about the security of the account and where it hasn't been provided with information that it's reasonably asked for are relevant. And I think Santander have acted in line with the terms when blocking the account here.

On the information before me I'm also satisfied Santander acted in line with their regulatory obligations in asking for the KYC client information in late 2023. In addition to their obligations to meet KYC requirements banks and building societies also have an obligation to try and keep their customers' accounts safe and prevent them from being victims of fraud and scams. I appreciate the blocking of an account in such circumstances can cause distress and inconvenience to a customer – but it doesn't necessarily mean the bank has acted incorrectly.

In a case like this where mail to the address *currently on record* for the account is returned *and* phone calls to the *currently on record* number hasn't worked as the number is invalid, a block on the account until the customer contacts the bank and the KYC requirement has been met, doesn't seem unreasonable to me. I wouldn't expect Santander to continue to use contact details they had reasonable cause to believe were inaccurate or obsolete. On the contrary, to continue to attempt contact with that address and phone number, knowing of these concerns would, I think, leave a bank open to potential criticism for failing to protect its client. On the information I have, it seems to me, Santander were left with no other option but to wait to hear from Mr O and Mrs P. So, I can't say Santander's approach of not informing the customer until they contacted it was unreasonable. It follows that I can't agree with Mr O and Mrs P's position that Santander have done anything wrong by telling them about the block in April 2024, as this was the first point of communication after the block.

I know Mr O thinks his verification of the address alone should be sufficient and there was no need for his wife to do so separately but I don't agree. It's possible for both parties to a joint account to have separate addresses whether that be residential or correspondence. So, I don't think it was unreasonable for Santander to ask both parties on the mandate to verify this.

Furthermore, it's a matter for the banks to set their security questions and procedures here. It's not within the remit of this service to tell a business how to run such procedures in order for the business to be satisfied it is meeting its regulatory requirements, such as blocking transactions or how they remove blocks. It would be the role of the regulator - the Financial Conduct Authority - who have the power to instruct Santander to make changes to its policies and procedures, if necessary. So, although it's unfortunate that Mrs P didn't pass the security check, the nature of the questions put isn't something for this service to comment upon.

In respect of how Santander dealt with the removal of the block, like our investigator, I think it would've been more convenient if Santander had given clearer information to Mr O when he visited the branch to resolve this on 10 April 2024 and in the days that followed. The banks contact notes with Mr O record on 12 April 2024 that "*incorrect information*" was given in a call with a branch colleague the day before about how to remove the block on this account. The entry in the notes went on to set out the correct process. So, even though Santander's response to the view was that they didn't fully agree with the investigators position, I'm satisfied there was a degree of confusion and the situation could've been handled better. Like our investigator, I think, that warrants some compensation to Mr O and Mrs P. And, also, for the reasons our investigator has explained in his view, the matter of how the complaint itself was handled isn't something this service can look at.

Overall, for the reasons I've explained, I don't find it unreasonable for Santander to take the steps it did to block the account and then remove it once satisfied with the KYC requirements. And I'm satisfied it's acted in line with its procedures here in trying to protect Mr O and Mrs P's account, even though that resulted in initial delays and inconvenience to Mr O and Mrs P that they weren't anticipating. So, I'm not upholding that part of their complaint. But in respect of the confusion and incorrect information, I am upholding this aspect of the complaint.

Although I've carefully considered what Mr O and Mrs P have reiterated about the impact on various areas, I think the award of £150 suggested by our investigator is reasonable. Our compensation guidelines state an award between £100 and £300 might be fair where there have been repeated small errors, or a larger single mistake, requiring a reasonable effort to sort out. These typically result in an impact that lasts a few days, or even weeks, and cause either some distress, inconvenience, disappointment, or loss of expectation. I think the award suggested by the investigator of £150 is in that range. So, I don't see any reason to alter that. Santander have agreed to make this payment which I think reflects a fair and reasonable settlement here.

Putting things right

Santander UK Plc should pay Mr O and Mrs P £150 for the misinformation and poor service given when they tried to remove the block and close the account.

My final decision

My final decision is that I partly uphold this complaint. In respect of the block placed on the account I do not uphold the complaint. In respect of the poor service and confusing and incorrect information given, Santander UK Plc should pay Mr O and Mrs P £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O and Mrs P to accept or reject my decision before 28 November 2024.

Annabel O'Sullivan
Ombudsman