

The complaint

Miss O complains Santander UK Plc (“Santander”) closed her accounts without explanation. Miss O also complains Santander demanded she repay her overdraft debt within 14 days’, failed to consider her circumstances, and offer her a suitable repayment plan. Miss O adds she also received intimidating calls from Santander’s staff.

To put things right, Miss O wants Santander to; send a written apology for its handling of the issue; correct any negative information applied on her credit file; provide a detailed explanation of its review and actions; pay her £5,000 for the stress and anxiety it caused.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

In December 2023, Santander notified Miss O that though it had initially accepted her application for a basic current account, after reviewing additional information, it had withdrawn its offer for that account. And it would withdraw all its banking facilities immediately and close her accounts. Santander added that it would place restrictions on her two accounts, and they’ll be closing in 60 days’ time.

The letter went on to add that Miss O had an overdraft on one of her accounts and she needed to pay this in 60 days’ time. And if it isn’t paid, the debt will be passed to Santander’s collections and recoveries team. Unhappy with Santander’s actions, Miss O complained. Santander didn’t uphold Miss O’s complaint. In summary, it said:

- Santander hadn’t made a mistake and reserves the right to withdraw banking facilities at any time in line with its terms and conditions.
- A full investigation was completed, and Santander has legal and regulatory obligations which can require it to withhold transactions or services, block accounts and withdraw banking facilities.

Miss O referred her complaint to this service. Miss O emphasised that Santander asked for her overdraft to be paid in 14 days, and given she is a student, this wasn’t fair treatment. She added that she had another account with another provider, that she had had her bank card used by an acquaintance without her consent, she might have been the victim of impersonation, and that she had applied for a savings account and not a basic bank account with Santander.

Our Investigator recommended Miss O’s complaint wasn’t upheld. In short, their key findings were:

- Santander closed the accounts with 60 days’ notice and did so in line with its terms and conditions. And it doesn’t need to give Miss O an explanation.

- Based on the evidence provided, Miss O applied for a basic account.
- The closure notification letter of December 2023 gave Miss O 60 days to repay her overdraft. Santander later gave Miss O 14 days' notice to repay her overdraft in March 2024. Santander hasn't treated Miss O unfairly.
- Miss O says she wasn't offered the opportunity to agree a repayment plan for the overdraft. But a call recording from March 2024 between Miss O and Santander shows she was.
- Santander hasn't added any negative markers to Miss O's credit file based on the evidence available.

Miss O didn't agree with what our Investigator said. In short, and in addition to any points already made, Miss O made the following main points:

- How and why did Santander arrive at the 'commercial decision' it did to close her account. Santander doesn't have the right to close the accounts and it must give Miss O an explanation to be transparent.
- Miss O questions what her response was specifically to Santander's agent on the call in March 2024 about making a payment arrangement. She didn't get a letter or any written correspondence about a repayment arrangement or that any support was offered. Such support should be standard practice for Santander to carry out.

As there was no agreement, this complaint has been passed to me to decide.

What I've decided – and why

I'm very aware that I've summarised the events in this complaint in far less detail than the parties 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 Miss O and Santander have said before reaching my decision.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I have decided to not uphold this complaint. I'll explain why.

Banks in the UK, like Santander, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means Santander needs to restrict, or in some cases go as far as closing, customers' accounts.

Santander has explained and provided me with supporting evidence as to why it reviewed and restricted Miss O's accounts. I'm satisfied it did so in line with its obligations.

Santander is entitled to close an account just as a customer may close an account with it. But before Santander closes an account, it must do so in a way, which complies with the

terms and conditions of the account. The terms and conditions of the accounts, which Santander and Miss O had to comply with, say that it could close them by giving her at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Santander said on its closure notification letter that it was giving Miss O 60 days' notice of closure, and it also said the accounts would be restricted during that time. As Miss O didn't have access to her accounts during the notice period, I must treat the closures as immediate.

Santander has provided me with an explanation and supporting evidence as to why it closed Miss O's accounts in the way it did. Having carefully reviewed this, I'm persuaded, on balance, that Santander had concern enough to have closed the accounts in the way it did. That means immediate closures, albeit in principle, were fair and reasonable in the circumstances of this complaint.

The other point to consider here is that Miss O had an overdraft she couldn't repay immediately, and that she had the use of another account with another provider at the time. So, the loss of access to her Santander accounts during the notice period would have had little impact upon her.

Miss O feels strongly that Santander must give her a detailed explanation as to why it took the actions it did in relation to the review and subsequent closures. But Santander is under no obligation to do so. 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 I consider should be kept confidential.

Miss O says she applied for a savings account. But I'm satisfied Santander's records show she applied for a basic bank account – which can act like a current account but without access to all services like an overdraft. However, I don't think this is material to the actions Santander took as either way, an application for an account regardless of its type triggered its review.

Repayment of overdraft

Miss O says Santander demanded payment of her overdraft within 14 days and didn't allow her to make suitable payment arrangements based on her affordability. I'd like to assure Miss O that I've considered what she's said about the impact of this given she is a student.

The 14-day letter Miss O has sent was dated March 2024, two months after Santander informed her of the closures and said she would need to pay her overdraft off. And if she couldn't, the matter would be passed to Santander's collections and recovery department.

Santander has also given me a call recording from March 2024 between Miss O and its agent who describes themselves as a 'financial care specialist'. Miss O is asked if she can clear the arrears in three months. Miss O says she can and to do so will work and get the support of her parents. Miss O agrees that she will need to speak to her parents about this first. Miss O is also offered, and later sent by email an income and expenditure form, which she confirms as receiving. Miss O is told that this will help Santander assess what is best for her in terms of repaying the debt – and she has up to at least 15 months to pay the overdraft off. The agent also tells Miss O that the most important thing she must do, after speaking to her parents, is to call this department back. The agent gives Miss O their telephone number.

Miss O's overdraft was paid in full in April 2024. I don't know if her parents helped her pay it

off, but that might explain why she didn't call Santander back. In terms of this complaint, I'm satisfied Santander acted in the way it should have in supporting Miss O with the repayment of her overdraft – which is generally repayable upon demand.

As I don't think Santander has done anything wrong, I see no basis to award any compensation for the distress and inconvenience Miss O says she suffered.

Miss O has said she received intimidating calls from Santander. I've listened to several calls and haven't seen that was the case. I've also not seen any evidence that Miss O's credit file was adversely impacted. I would add too that Santander didn't act inappropriately by holding Miss O liable for her overdraft debt and that it followed a fair process in demanding its payment.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 12 February 2025.

Ketan Nagla
Ombudsman