

## **The complaint**

Miss F complains Santander UK Plc failed to release funds in her account and then closed the account. She wants her funds paid to her and compensation.

## **What happened**

Miss F opened a current account with Santander in 2024. In July 2024 she received a large payment into her account sent by a hotel.

The payment triggered a review by Santander. They blocked the account until Miss F provided satisfactory proof of her entitlement to the payment.

Miss F explained the payment was sent by her late mother's employer in relation to a policy. Her mother had enrolled in a death in service benefit with her employer, and Miss F along with her other siblings were nominated as beneficiaries. Very sadly her mother passed away that June while still employed, so the death in service benefit was activated. Miss F told Santander she needed access to the funds to travel abroad for her mother's funeral.

Since July 2024 Miss F provided multiple pieces of information and evidence to Santander, but Santander remain unsatisfied. This included:

- Messages and e mails between Miss F and the person dealing with the matter at her mother's former employer to arrange the payment of the death in service benefit.
- Emails between members of staff at her mother's former employer regarding arranging the payment of the benefit.
- Emails between Miss F and a member of staff from her mother's former employer when trying to obtain evidence Santander wanted. This included an email where the employer refused to provide a copy of their policy due to it containing personal information of other persons and company information.
- A letter from Miss F's late mother's employer which confirmed the payment was made to Miss F as she was nominated as a beneficiary by her late mother.
- A copy of the signed nomination form Miss F's late mother completed in April 2023.

Santander decided to close Miss F's account in early August 2024. They gave her 30 days' notice, but the account remained locked. They removed the payment and held it in a sundry account. Their position remains that they want a copy of the employer's policy showing Miss F's entitlement and/or a testament from a solicitor – which presumably means evidence of her being entitled to the funds as part of her mother's estate.

Miss F says she is now struggling financially and really needs the funds. She has further explained that she doesn't have other support, that her mother used to help her, and she is in a vulnerable situation. I thank Miss F for revealing more about her circumstances - I was sorry to hear about them

Our investigator upheld Miss F's complaint . In summary they concluded:

- Santander have important obligations to verify payments. They hadn't acted unreasonably by asking for proof of Miss F's entitlement to the payment.
- On 12 August 2024 Miss F sent Santander a copy of her late mother's nomination form, which ought to have been sufficient to establish her entitlement.
- The payment Miss F received wouldn't form part of Miss F's mother's estate. It was a death in service employment benefit and its payment wouldn't require a will or grant of probate to be paid directly to Miss F as a nominated beneficiary. Miss F had shown she couldn't get a copy of the employer's policy, and the investigator had been emailed directly by the employer with a copy of the nomination form.
- Santander had a copy of the form from Miss F on 12 August 2024, and it would have been reasonable to expect them to complete their review by 16 August 2024 when the payment ought to have been released.
- Santander ought to have reviewed their decision to close the account during the notice period given their receipt of what should have been acceptable proof of entitlement. So, it wasn't possible to say the closure of the account was fair. But the account doesn't appear to have been Miss F's main account and considering the activity on the account the closure wouldn't appear to have had a substantial impact on her, so they were not awarding compensation on this point.
- Santander ought to release the funds they are holding to Miss F and pay 8% simple interest per annum on them from 16 August 2024 to the date of settlement. The interest award is to reflect the time Miss F was deprived of funds she should have had use of.
- Santander ought to pay Miss F £200 to compensate her for the distress and inconvenience she was caused by still requiring evidence she couldn't reasonably provide and the impact their actions had on her.

Miss F accepted the outcome our investigator reached but Santander did not. They said the letter from Miss F's late mother's employer is not verifiable and could have been produced by anyone. They still require official documentation from the insurer who set up her mother's death in service benefit.

As no outcome was agreed informally, Miss F's complaint was passed to make a final decision in my capacity as an ombudsman.

### **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've decided to uphold Miss F's complaint. I'll explain why.

Santander have important legal and regulatory obligations to meet when providing accounts. They can broadly be summarized as a responsibility to know their customer, monitor accounts, verify the source and purpose of funds, as well as detect and prevent other harm. Periodically or where a concern arises, banks will usually carry out a review and sometimes block accounts until the review completes or their concern is allayed.

In Miss F's case, she received a large one-off payment from a company which was unusual in relation to her normal account activity. So, I understand why Santander wanted to know more about the payment in line with their obligations, and I find their decision to restrict the account reasonable and not outside of normal retail banking practice.

Miss F explained the payment she received was because her late mother nominated her along with her three other siblings as a beneficiary to a death in service benefit. Her mother opted into the benefit through a scheme ran by her employer – which is an established hotel and part of a chain of hotels operating in the UK and abroad.

As far as I understand, death in service benefit is different to life assurance in a number of ways. It is generally either self-insured or the employer holds a policy with an external assurer. Employees may opt into the employee benefit, which is what Miss F's late mother did. If an employee passes away then the employer will often receive the payment and hold it as trustee. The trustee(s) then have discretion on how to pay the award but will often pay according to their employee's nominations.

Given the nature of the benefit and that it passes to an employer as trustee I can't see that it would form part of Miss F's estate to pass to persons under a will or letters of administration. So, I am not persuaded requiring a copy of a will or testament from a solicitor would establish proof of entitlement to the payment when the employer opts to pay a nominated beneficiary on a discretionary basis.

I have read the nomination form and it ties in with my understanding above. It lists the nominated beneficiaries and refers to the trustees as having discretion on how the benefit will be paid. The form was sent from an email address purporting to be from the hotel, and it was sent both to Miss F and directly to our service. I have not seen evidence or information which would lead me to doubt the form's authenticity or that it was not sent from Miss F's mother's former employer. I also don't find Santander with Miss F's permission could not have independently contacted the employer – which as I said appears to be an established hotel - to verify the scheme and Miss F's entitlement.

I've also considered all the other information and evidence Miss F provided and I find it plausible and persuasive. She sent in messages and emails both when the payment to the nominated beneficiaries was being arranged through the employer and at times contemporaneous to when Santander were asking her for further information. Again, I have seen no reason to doubt these emails aren't genuine, particularly given there are inter-employee emails which have been presented that regard arranging the payment of the benefit.

I appreciate Santander want a copy of the policy the employer holds with their provider which permits employees to obtain the death in service benefit, but Miss F has asked for this, and it has been refused by the employer. They have said they do not want to disclose other person's personal information and company information. Potentially the employer could have been more helpful in providing a redacted version of their policy, but ultimately the employer's refusal to provide Santander what they want isn't something which is fairly within Miss F's gift to provide.

Although I don't take a direction to Santander to release funds lightly given their important legal and regulatory obligations, I find the circumstances of what Miss F provided taken cumulatively to the point of the receipt of the nomination form ought to have satisfied them that the payment was legitimate. I haven't seen evidence to show the sending bank had concerns about the payment. And I'm satisfied that they could have taken further independent action to verify the payment themselves. Or, if they still had a concern about what kind of property the payment could represent there is a regulatory route they can take to obtain a defence to a certain type of prosecution.

I've considered the other points Santander mentioned to our service which added to their concern about the payment, but I don't find those concerns undermine the strength of evidence Miss F has provided. Miss F initially told Santander she wanted access to the funds to travel abroad to attend her mother's funeral, and I don't find this implausible given she has said her mother passed away only shortly before.

Santander decided to close Miss F's account, and it's possible they would have reconsidered their position had they accepted Miss F was entitled to the payment, which I am satisfied they should have. But I'm also aware they had other concerns about the account, so it may have been that they would have taken the decision to close anyway.

I see that the account does not appear to have been Miss F's main account based on the account activity, which Miss F hasn't disputed. So, on balance, I don't find awarding compensation for the account closure or not having further use of the account would be appropriate.

Miss F has though described being in a very difficult position financially and personally, and that the money Santander is holding is much needed. I haven't seen evidence which would lead me to doubt what she has said or that she has been contradictory in her statements.

I'm satisfied that Santander ought to have reached the decision to release the funds to her at least on 16 August 2024, shortly after they received the nomination form. So, the distress and inconvenience she experienced from this time could have been avoided. Given what Miss F has said I'm satisfied £200 is a sufficient sum to compensate her for how she felt during this time. I haven't seen evidence which would lead me to award a larger sum than this.

### **Putting things right**

Subject to Miss F accepting this decision by the deadline, I require Santander UK Plc to:

- Pay Miss F the funds they are holding which I believe is £13,437.00.
- Pay her 8% simple interest per annum on the sum they hold from 16 August 2024 until the date of settlement. If Santander considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss F how much it's taken off. It should also give Miss F a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.
- Pay her £200 for the distress and inconvenience she was caused by not releasing the funds from 16 August 2024.

**My final decision**

My final decision is I uphold Miss F's complaint. Santander UK Plc should pay her redress in accordance with my above instructions.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 10 January 2025.

Liam King  
**Ombudsman**