

## **The complaint**

Mr L complains that Santander UK Plc restricted access to his account and withheld his funds. He'd like his funds released and compensation for the impact.

## **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 L had an account and a credit card with Santander.

On 31 March 2022 Mr L's account was blocked. Mr L wasn't given any information regarding the reason for the block.

Mr L has said that as a result of the block he hasn't been able to pay his direct debits or his credit card bill. And Santander have added interest and charges to his credit card account.

Mr L had a balance of £1,206.58 in his current account.

Mr L complained to Santander. Santander said the account was blocked because of UK financial sanctions. They said the account couldn't be unblocked without an OFSI licence. They also advised Mr L how to apply for an OFSI licence.

Mr L says that as he isn't sanctioned OFSI wouldn't have authority to issue a licence.

As Mr L was unhappy with Santander's response he complained to our service. One of our Investigators looked into his complaint. He thought that Santander had initially acted fairly as they are entitled to block accounts to carry out a review. But, Santander weren't able to provide our Investigator with the rationale on why they thought Mr L needed an OFSI licence to unblock his account. For this reason, he thought Santander should unblock his accounts. And refund any interest and charges from the date of the block to the date of release. He also thought they should remove any adverse markers. He recommended 8% simple interest on the current account balance from the date of the block to the date of release as well as £400 compensation for the inconvenience caused.

In November 2022 Mr L received a notice of default regarding the arrears on his Santander credit card.

Mr L accepted the view. But Santander didn't. They maintained that his accounts were blocked because of their regulatory obligations under financial sanctions.

Mr L contacted his MP and the relevant authorities for confirmation of their position.

Our investigator issued a second view. He said Santander hadn't provided sufficient information to conclude that Mr L was holding sanctioned funds and he needed an OFSI licence. He increased the distress and inconvenience awarded in his original view from £400 to £750.

In November 2023 Mr L paid off his credit card. Santander agreed to refund him his charges and correct his credit report.

Santander said they were unhappy with the view. They said Mr L had connections to a sanctioned individual and because of that he would need to apply for an OFSI licence in order for his account to be unblocked.

As there was no agreement the matter came to me to decide.

On reviewing Mr L's complaint I came to a different conclusion to our Investigator. I explained that I thought Santander acted fairly in restricting Mr L's funds to comply with UK sanctions regulations – and I wouldn't be asking them to do anything further.

I asked for responses to my provisional decision by 2 December. Our Investigator contacted Mr L and his representative to advise the deadline is being extended until 10 December 2024 but neither party responded.

### **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.

In my provisional decision I said:

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

Santander has a wide variety of legal and regulatory obligations it must follow when providing accounts to its customers. These obligations are ongoing and are not only relevant when an account is opened. In Mr L's case, Santander explained it was blocking the funds in his account amounting to £1,206.58 because of UK financial sanctions and asset freeze requirements. Santander said they are unable to remove the block without a valid OFSI licence.

Mr L's position is that he isn't a sanctioned individual and he shouldn't therefore have to obtain an OFSI licence.

Sanctions can be very broad and relate to countries, individuals, trade and transactions. Santander is expected to take measures to comply with current sanctions, which means it has extensive things it needs to be aware of and monitor. Sanctions are just one of the many things Santander must take into account to ensure it's doing what it should. And, if it didn't review accounts and the activity taking place on them, it could risk serious penalties. So, having a sanctions policy or other policies to mitigate against potential risks isn't by itself wrong.

Mr L has had a connection with a sanctioned individual I will refer to as X. Mr L has said that he no longer works for X or a legal person connected to that sanctioned individual. He left that job in February 2022 following the invasion of Ukraine.

Mr L has accepted that money was paid into his account by the wife of X. From the statements I can see this happened in January 2022. Mr L has said this was a mistake and the funds were debited from his account on the same day.

Mr L also received funds from a company I will refer to as M which has connections to X. These funds were received into Mr L's account on 21 February 2022. But, X became a

sanctioned individual in March 2022.

I've thought about whether it was fair for Santander to restrict Mr L's funds, despite them not coming from a sanctioned individual nor being sanctioned funds. I can understand Mr L's point that he is therefore unable to get an OFSI licence.

Santander have said they are concerned that Mr L continues to be connected to a sanctioned individual. The question I need to consider is whether it's reasonable for Santander to think this – and if there's a legitimate concern that the funds in Mr L's account will be used to benefit X, a sanctioned individual. Having reviewed all of the evidence shared with me by Santander I'm satisfied it is.

This means I think it's fair Santander restricted Mr L's account and asked him to obtain an OFSI licence. Mr L's argued that he's unable to get an OFSI licence because he's not a sanctioned individual. He's also provided a letter sent from OFSI to his MP saying, 'based on the limited identifying information there is no record of Mr L as a designated person under any financial sanctions regime'.

But Santander haven't argued that Mr L is a designated person. So I can't say that Mr L not being on the designated persons list changes whether they've acted fairly. Instead, Santander's argument is Mr L's connection to X – and as I've outlined above I find the actions they've taken regarding this are fair.

For the reasons I've explained above I'm satisfied it's fair for Santander to request Mr L obtains an OFSI licence prior to the release of his funds. I appreciate that Mr L has shared evidence his MP contacted OFSI to check if he was on the designated persons list, however I can't conclude Santander should accept this as an alternative to a licence from OFSI showing the funds in his account can be released.

I've briefly considered Santander's actions in relation to Mr L's credit card. They've accepted that in March 2022 – when Mr L's credit card was blocked – they should have stopped any charges. But this didn't happen. Santander have refunded the interest and charges between March and July 2022 and removed the adverse information from Mr L's credit file. I'm satisfied this is a fair resolution. It follows, I won't be asking Santander to do anything further.

Neither party responded to my provisional decision. Without further representations from either party I see no reason to change the outcome I reached in my provisional decision. So for the reasons I've outlined above I won't be asking Santander to do anything further here.

### **My final decision**

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 8 January 2025.

Jeff Burch  
**Ombudsman**