

The complaint

Mrs P complains that Santander UK Plc unfairly closed her account.

What happened

Mrs P had a current account with Santander.

Mrs P said that she used her account to receive her salary, pay her mortgage and bills.

In late 2023, Santander decided to carry out a review of Mrs P's account in order to comply with its legal and regulatory obligations.

As part of its review on 27 November 2023, Santander wrote to Mrs P and asked her to get in touch with them so that it could obtain information from her about several transactions on her account.

Mrs P didn't get in touch. So, Santander wrote to Mrs P again to say that it had tried to contact her but because it hadn't heard from her, the bank had placed a block on her account. The letter set out that if it didn't hear from Mrs P, it may close his account. Santander blocked Mrs P's account between 11 and 20 December 2023.

On 9 January 2024, Santander sent Mrs P a letter providing her with 60 days' notice of its intention to close her account in March 2024.

Mrs P complained to Santander. She said she'd been very busy at the time Santander asked her to provide information. She said because Santander had closed her account she hadn't been able to open another account with a high street bank and had a mortgage application declined.

In response, Santander said it hadn't done anything wrong and had closed Mrs P's account in line with the terms and conditions.

Unhappy with this response, Mrs P brought her complaint to our service. Mrs P said she believe Santander had recoded a marker against her hat is stopping her opening other banks accounts. Overall, she said she was caused a great deal of distress and inconvenience because she had to rearrange her direct debits and open an account with a non-high street bank.

One of our investigators reviewed the complaint. She thought Santander hadn't done anything wrong when it blocked and closed Mrs P's account. She also checked with Santander who confirmed that it hadn't recorded any markers against Mrs P.

Mrs P disagreed. She explained that she has been very upset and disappointed by the bank closing her account, which she'd had for many years.

As no agreement could be reached the complaint 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.

Santander has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customers, monitor accounts, verify the source and purpose of funds, as well as detect and prevent other financial harm.

In order to comply with its legal and regulatory obligations Santander are required to have suitable systems in place to establish customer identification, the purpose and intended nature of a business as well as the origin of funds. To satisfy these requirements Santander are obliged to adhere to the regulator – the Financial Conduct Authority's (FCA), Know Your Customer (KYC) responsibilities. It is a legal requirement that Santander maintains updated information about their customers and financial circumstances.

From time-to-time Santander will review accounts to comply with these responsibilities. That may lead to Santander asking a customer about how they use their account at any time, and to provide information about certain transactions. By collecting and maintaining key pieces of information, Santander can protect its customers against money laundering and abide by the restrictions placed on the bank.

The information Santander was asking Mrs P to provide is fairly standard information that banks, and other financial businesses are required to have in order to adhere to KYC responsibilities. Mrs P didn't respond to Santander's letters. So, Santander weren't able to obtain the information it needed from Mrs P to comply with its legal and regulatory obligations.

As Santander are obliged by the FCA to carry out ongoing checks to protect accounts from identify theft, fraud, and financial crime, if they don't receive the necessary information that they request to allay those risks, I do not consider blocking Mrs P's account is a disproportionate measure for Santander to take. So, I can't say Santander treated Mrs P unfairly when it blocked her account.

I've next gone on to consider whether Santander acted fairly when it closed Mrs P's account. 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.

That's because Santander is entitled to close an account with Mrs P just as he is entitled to close his account with Santander. 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 a customer or require it to compensate a customer who has had their account closed.

As long as they reach their decisions about that in a legitimate manner, this service won't usually intervene. But before Santander closes an account, they must do so in way which is fair and complies with the terms and conditions of the account. I've looked at the terms and

conditions and they state that Santander could close Mrs P's account by giving him at least two months' notice. I've seen the letter Santander to Mrs P in January 2024, given her the full notice period. So, I'm satisfied Santander has complied with this part.

I've next gone on to consider whether Santander's reason for closing the account was fair. In doing so, I appreciate that Santander are 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.

Santander asked Mrs P to provide information about activity on her account. Mrs P didn't respond to the bank's requests for information. As I've said above Santander are obliged under regulation to carry out ongoing checks to protect accounts from identify theft, fraud, and financial crime. So, if they don't receive the necessary information that they request to allay those risks, I do not consider suspending and closing Mrs P's account is a disproportionate measure for Santander to take.

On balance when considering Santander's wider regulatory responsibilities and all the information available to me, I find Santander had a legitimate basis for closing Mrs P's account and did so in line with the terms and conditions of the account. So, I won't be asking Santander to do anything more to resolve Mrs P's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 9 April 2025.

Sharon Kerrison
Ombudsman